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COPPER SNAIL PURCHASE INITIATIVES(U) AIR FORCE
LOGISTICS MANAGEMENT CENTER GUNTER AFS AL J C CHAP
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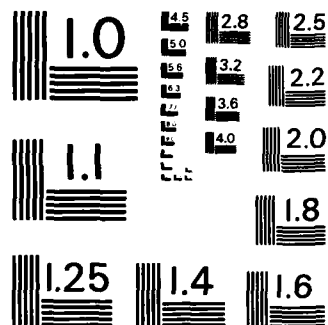
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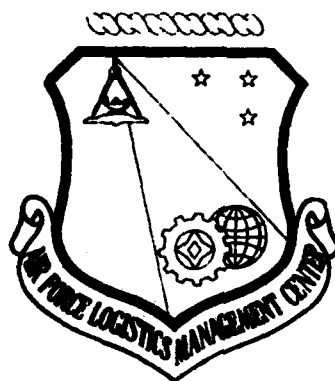


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AIR FORCE LOGISTICS MANAGEMENT CENTER

AD-A159 076



COPPER SMALL PURCHASE INITIATIVES

By

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AFLMC Report LC840116

November 1984

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ABSTRACT

The HQ TAC/LG wanted us to identify ways to improve the time and cost for processing a local purchase request for Base Supply. We found a number of areas to improve. We recommend Base Supply provide contracting with annual demand levels for selected items. We also suggest more expeditious contracting methods be used to shorten leadtime. Contracting officers should be provided annual demands for items from mandatory sources of supply to allow advance allocation, clearances, and automatic ordering. We also recommend obtaining prices on economic order quantities and increased use of 'blanket purchase agreements. Further we recommend delegating contracting authority to certain users for one-time items and delegate the purchase of emergency walk-through purchase requests to the Base Supply Customer Liasion Office. Finally, we recommend testing the use of credit cards or checking accounts, when appropriate, to purchase small dollar items.

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EXECUTIVE SUMMARY

Purpose: We set out to identify improvements in Air Force small purchase procedures. Specifically, we were concerned with small purchase transactions sent to Base Contracting from Base Supply. We were primarily looking for ways to reduce processing time and costs of local purchase supply demands.

We reviewed local purchase documents and processes in Supply and Contracting. We observed the Defense Logistics Agency's and Air Force Logistics Command's automated purchase systems to see if we could apply their techniques to a base automated system. We examined 13 months of purchase request data tapes for 24 Air Force Base Contracting Offices. We studied the procedures used in HQ USAFE to delegate limited ordering officer authority to users. We also reviewed other studies like the Presidential Federal Procurement Reform Task Group 5 Final report, "Simplification of Small Purchases."

We offer several recommendations:

- a. Have Base Supply provide Contracting with the yearly requirements for recurring items including items purchased from mandatory sources.
- b. Have Base Supply indicate which items are candidates for taking advantage of quantity discounts.
- c. Have Contracting determine and use the shortest leadtime method of purchasing, like indefinite delivery type contracts and use automatic delivery orders/calls.
- d. Modify the current automated purchase order procedures to allow for blanket purchase agreements and the automatic issuance of calls.
- e. Authorize customers to make their own one-time purchase.
- f. Delegate the authority to purchase emergency walk-through requests to the Base Supply Customer Liaison Office.
- g. Obtain approval and test the use of checkwriting and credit cards to permit customers to purchase items of less than \$200 for one-time buys.

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CHAPTER 1 THE PROBLEM

Problem:

Air Force contracting personnel spend too much time and money to process local purchase requests from Base Supply. In this study we analyze the local purchase system from a Contracting perspective. The Air Force Logistics Management Center's (AFLMC) Supply Directorate conducted the "Streamline Local Purchase Procedures" [11] study and looked at the problem from a supply perspective. Both studies are coordinated efforts.

Objectives:

We set out to identify ways of improving the time and cost to process a local purchase request; to examine the effectiveness of buying from mandatory sources of supply and see if alternative methods could streamline or simplify this process; and to determine if and what controls are needed to delegate limited contracting authority to users.

CHAPTER 2 BACKGROUND

Air Force contracting at base-level has the responsibility to purchase local purchase items. In FY 83, Air Force Base Contracting had 4.69 million purchasing actions representing \$6.2 Billion. Base Contracting received about 52% of the purchasing actions from Base Supply.

In our "Small Purchase Threshold" [14] study, we pointed out that 99% of Base Contracting purchases were under \$25,000, 84.4% were under \$1,000, and 44% were under \$150. This study also showed, although these purchases were the majority of the actions in Base Contracting, they comprised a very small percentage of the dollars spent in Base Contracting. In fact, although 84.4% of purchases are under \$1000, they represent only about 8% of the total dollars awarded by Base Contracting.

The Federal Acquisition Regulation, which governs all Government purchases, generally requires contracting officers to obtain items exceeding \$1,000 on a competitive basis. On purchases of less than \$1,000 competitive bidding is NOT REQUIRED. However, the contracting officer should do the following: (1) distribute purchases of less than \$1,000 equitably among qualified suppliers, (2) if practical, obtain a price quote from other than the previous supplier before placing repeat orders, and (3) weigh the administrative cost of attempting to verify the reasonableness of the price of purchases not exceeding \$1,000. Therefore, action to verify price reasonableness needs to be taken only when: (a) the buyer or contracting officer suspects or has information to indicate the price may not be reasonable, or (b) no comparable pricing information is readily available.

The Federal Acquisition Regulation allows contracting officers to use simplified small purchase procedures to reduce administrative costs for awards of less than \$25,000. Optional small purchase methods available include blanket purchase agreements, imprest funds, and purchase orders. Specific criteria and procedures must be followed when using any of these contracting methods.

Our Supply Directorate's personnel determined the average number of line items per base for all local purchase items was 5,155. They further determined the number of line items with stable demands (i.e., demands greater than zero) to be 635. Keep in mind, these figures are line items and not demands sent to contracting. They also determined 412 items (65%) of the 635 items fall into 14 heavily used commodity groups. These groups are as shown in Table 1.

HEAVY USE COMMODITY GROUPS

51 Handtools	72 Floor Coverings
53 Hardware	73 Kitchen Supplies
59 Electronic Components	75 Administrative Supplies
62 Lighting Hardware	78 Recreational Supplies
66 Nav Flight Supplies	80 Paints
67 Camera Supplies	84 Clothing
68 Chemicals	99 Misc

TABLE 1

The supply records further indicate 86% of the local purchase items were coded JBB(commercial)as the source of supply and 14% were coded JBH (federal supply schedule). This information corresponds to the contracting records which show about 86% were local market purchases; about 14% federal supply schedule items and .1% were from other mandatory sources of supply such as federal prison, blind and other severely handicapped, Government Printing Office and Defense Fuel Supply Center.

An AFLMC study, "Local Purchase Order and Ship Time" [2] found the current system of determining the order and ship time (O&ST) (leadtime) was not accurately measured and found the Air Force currently underestimated O&ST for 45% of the local purchase items. The study recommended computing local purchase O&ST by contracting method which would increase the unit fill rate, for local purchase items by 5%. The study concluded with a 99.9% confidence level, that an O&ST was significantly different for the five methods of procurement. This is shown in Table 2.

ORDER AND SHIP TIME AVERAGES BY METHOD OF CONTRACTING

METHOD OF CONTRACTING	O&ST AVERAGES
BLANKET PURCHASE AGREEMENT	14.8 DAYS
AUTOMATIC PURCHASE ORDER	54.7 DAYS
PURCHASE ORDER	58.4 DAYS
DELIVERY ORDER	62.4 DAYS
CONTRACTS	97.6 DAYS

TABLE 2

We also reviewed the purchase request tapes from 24 bases to determine the contracting methods used by contracting activities in support of base supply and found the most common method used to purchase base supply demands was the manual purchase order. It was used 40.71% of the time, the automatic purchase order was used 38.69% of the time. Next came the delivery order, blanket purchase agreement, contracts and other.

AVERAGE CONTRACTING METHOD USED BY CONTRACTING ACTIVITIES

MANUAL PURCHASE ORDERS	40.71%
AUTOMATIC PURCHASE ORDERS	38.69%
DELIVERY ORDERS	16.36%
BLANKET PURCHASE AGREEMENTS	3.18%
CONTRACTS	.11%
OTHER	.25%

TABLE 3

CHAPTER 3

FINDINGS - LP REQUESTS (GENERAL) PROCEDURES

OVERVIEW:

In this chapter we discuss the local purchase process in Base Contracting, how it works and its problems. The methodology used for determining the changes needed to improve the system consisted of four main activities: (1) An analysis of the local purchase procedures beginning with the demand and ending with the receipt of the property. To do this we prepared flow charts to trace the flow and interaction of records and documents handled by the local purchase system. Since this was a joint Contracting/Supply study, the actions handled by Supply were evaluated under Supply's study "Streamlining Local Purchase Procedures." [11] (2) Next, we reviewed the Defense Logistics Agency's and Air Force Logistics Command's automated small purchase systems to compare them to the Air Force's Customer Integrated Automated Purchasing System (CIAPS) to see if methods and procedures in those systems could improve the Air Force's base contracting system. (3) Then we reviewed related studies and reports to determine what methods and procedures could improve the overall purchasing process. (4) Finally, we reviewed data from 24 Air Force Base Contracting activities to determine the contracting methods being used to support Base Supply.

This chapter includes the procedures and findings.

PROCEDURES

Demands processed to Contracting from Base Supply are either (1) local purchase stocked items that have fallen below the reorder point, or (2) items not stocked by Base Supply but identified by the supply system as being local purchase items. Local purchase items can have either a federal stock number or locally assigned stock numbers. When locally assigned it is assigned a local number "L", part number "P," or for one-time purchases, a wash-post number "WP".

Demands are sent to Contracting from Supply daily and are merged with other demands and input into the CIAPS or Base Contracting Automated System (BCAS) system. The computer, based on parameters set up in the computer system, can take three avenues in dealing with the demand (request for purchase): (1) process the request to a holdover file, (2) produce either an automatic purchase order or delivery order, or (3) prepare a request for quotation.

HOLDOVER FILE:

The holdover demand file serves two functions: (1) to hold demands until descriptions are loaded and other file maintenance actions are completed, or (2) for consolidation of demands based on time or monetary parameters that are set by each Base Contracting activity. The time parameters can be set for zero to nine days and the dollar parameters for consolidation \$0 to \$999.00. Then as demands are input into the system, they would be consolidated with other demands until a request for quotation or automatic order is produced.

AUTOMATIC PURCHASE ORDERS:

The system can issue automatic purchase orders (APO) to the vendor who last furnished an item within the previous 90 days (or as set by the Base Contracting activity). The computer, however, will only issue an APO if the item was previously competed. Up to five APOs can be generated before prices would be re-solicited.

The system will also produce an automatic delivery order if the contract information is loaded into the system.

REQUEST FOR QUOTATION:

Another action taken by the computer is to produce a request for quotation. Normally, solicitations will be automatically produced. Each automated solicitation is accompanied by a schedule page, item trailer, source trailer, and an award abstract. The system is designed to provide automatic source selection and rotation of vendors.

FINDINGS

HOLDOVER FILE:

The AFLMC's "STREAMLINING LOCAL PURCHASE PROCEDURES" study [11] states the high cost to order local purchase items results in Supply ordering less frequently than from other sources of supply and most of the time more than 90 days elapse between demands from Supply.

The Supply study also pointed out the descriptive data is limited since the Supply system's item description is limited to 24 characters. The Contracting system contains 1680 characters (48 lines), and the BCAS system will contain even more. This inconsistency results in Contracting requesting additional descriptive data. At the option of the major commands, Supply can maintain a manual non-NSN control file that contains a DD 1348-6 in part number stock number sequence which is difficult to screen for previous purchases. This results in improper identification and allowing for the same item record being loaded under local "L" or part "P" numbers. Customers then do not know the item is in stock or that a substitutable/interchangeable item is available to satisfy the need.

In addition item records are removed from the Contracting system while still active in the Supply system.

This constraint makes the holdover file ineffective.

AUTOMATIC PURCHASE ORDER:

The system will not produce an APO if the computer record: (1) reflects the total order would be less than the minimum order amount a vendor will accept or an amount less than \$10.00 (if the vendor record contains no minimum order amount), (2) contains blanket purchase agreement call history, (3)

reflects FOB Government pickup, or (4) reflects a walkthrough/special project demand.

A 1981 functional management inspection (FMI) [7] found manual intervention on APO's was being performed at all bases inspected and 98% of the bases were calling vendors to verify price and delivery. This was done to avoid subsequent modifications to orders. Historically, price/delivery had changed since the last order.

The COPPER Improved Computer Support (COPPER ICOMPS) working group also concluded too much manual intervention was required on APOs. They made two recommendations (1) continue with the procedures, but change the system to allow for input of a card which would produce a memo on telex paper to authorize finance to pay the increased price; or (2) continue the present use under a base's option.

We reviewed a GAO report entitled, "Expanded Use Of An Improved Defense Automated Small Purchase System Would Yield Big Savings." [8] The report found the standard automatic small purchase system of the Defense Logistics Agency worked reasonably well. The quality compared favorably with manual buys, but was less costly to administer.

We reviewed the Defense Logistics Agency small purchase automated system at Richmond, VA and the Air Force Logistics Command's automated purchase system at Oklahoma City, OK to see if portions of their systems could improve the Air Force's base-level automated system.

The Defense Logistics Agency's small purchase automated system used blanket purchase agreements (BPA) (similar to a charge account where the general terms and conditions are agreed upon in advance with the contractor). Each call against the agreement is priced individually with vendors. Individual calls for items are issued automatically by a computer which produces a shipping instruction and a vendor response card. It is the only authorized method of placing calls under the agreement. Since automated calls are issued by the system, no list of individuals authorized to place a call is needed. The maximum dollar amount of a single call can not exceed \$999 in the DLA system.

NOTE: The administrative task of keeping a BPA current is a complaint of Air Force BPA users.

Demands generate a BPA shipping instruction sheet and vendor response card to vendors on a rotating basis. The vendor arranges for shipment and returns the completed vendor response card within 17 days. The vendor signs the card to: (1) agree to fill the order and (2) warrant the prices to the Government are fair and reasonable and (3) are as low as those charged the most-favored customer. The vendor includes the price to be billed and the shipping date (the BPA call establishes 16 to 45 days as the delivery times). DLA places the required delivery date on the shipping instruction sheet and vendor response card. A call is accepted with confirmation of shipment from the vendor. A suspense system is maintained to follow-up on the shipment request. The information contained in the vendor response card is input into the computer to update Contracting's and Supply's files. The response cards are then sorted by requisition number and sent to Finance to support payment.

FSC
CLASSIFICATION

COMMODITIES

4450	Accessories, Machine Tool
4461	Accessories for Secondary Metalworkers & Machinery
4110	Air Conditioning Equipment
4450	Alarm and Signal Systems, Miscellaneous
4104	Bags and Sacks
4110	Ballasts, Lampholders, and Starters
4440	Batteries, Secondary
4410	Books and Pamphlets
4110	Bottles and Jars
4115	Boxes, Cartons, and Crates
4115	Cabinets, Lockers, Bins, and Shelving
4440	Cable, Cord, and Wire Assemblies:
	Communication Equipment
4410	Cameras, Motion Picture
4420	Cameras, Still Picture
4450	Chemical Specialties, Miscellaneous
4410	Chemicals
4424	Clean Work Stations, Controlled Environment & Related Equipment
4440	Containers, Utility, Household and Commercial
4430	Converters, Electrical Non-Rotating
4115	Converters, Electrical Rotating
4440	Crude Agricultural & Forestry Products, Miscellaneous
4440	Cutlery and Flatware
4450	Cutting Tools for Machine Tools
4450	Cutting & Forming Tools for Secondary Metalworking Machinery
4430	Decontaminating and Impregnating Equipment
4475	Drafting, Surveying, and Mapping Instruments
4440	Devices, Signal & Warning, Railroad
4440	Drawings & Specifications
4110	Drums and Drums
4440	Dyes
4440	Ecclesiastical Equipment, Furnishings, and Supplies
4440	Electric Arc Welding Equipment
4440	Electric Lamps
4440	Electric Portable and Hand Lighting Equipment
4450	Electric Power and Distribution Equipment, Miscellaneous
4440	Electric Vehicular Lights and Fixtures
4477	Electrical Contact Brushes and Electrodes
4410	Electrical Control Equipment
4475	Electrical Hardware and Supplies
4470	Electrical Insulators and Insulating Materials
4490	Fabricated Materials, Nonmetallic, Miscellaneous
4440	Fans, Air Circulators, and Blower Equipment
4405	Filing Machines
6770	Film Processed

FSC
CLASSES

COMMODITIES

7310	Food Cooking, Baking, and Serving Equipment
7340	Food Preparation and Serving Saws
7440	Forging Machinery and Hammers
7490	Foundry Machinery Related Equipment & Supplies
7110	Furniture, Household
7110	Furniture, Office
7190	Furniture and Fixtures, Miscellaneous
8120	Gas Cylinders, Commercial and Industrial
7490	Gas Generating and Dispensing Systems, Fixed or Mobile
7490	Gases Compressed and Liquefied
7110	Generators and Generator Sets, Electrical
7440	Glass Fabricated Materials
7440	Industrial Sewing Machines and Mobile Textile Repair Shops
7490	Instruments, Combination & Miscellaneous
7490	Instruments, Geophysical and Astronomical
7490	Instruments Measuring, Liquid and Gas Flow, Isolation, and Mechanical Motion
7490	Instruments, Meteorological and Apparatus
7490	Instruments, Pressure Temperature & Humidity Measuring & Controlling
7490	Instruments, Time Measuring
7490	Kitchen Equipment and Appliances
7490	Kitchen Hand Tools and Utensils
7410	Lathes
7410	Laundry and Dry Cleaning Equipment
7410	Lighting Fixtures, Indoor and Outdoor Electric
7410	Lighting Fixtures, Nonelectric
7410	Logs, Terminals, and Terminal Strips
7410	Machinery, Chemical and Pharmaceutical Products
7410	Machinery, Clay & Concrete Products
7410	Machinery, Crystal and Glass Industries
7410	Machinery & Equipment Food Products
7410	Machinery, Industrial Size Reduction
7410	Machinery, Leather Tanning & Leather
7410	Machinery, Paper & Paper Industries
7410	Machinery, Rubber and Elastic Working
7410	Machinery, Sawmill and Planing Mill
7410	Machinery, Special Industry, Miscellaneous
7410	Machinery, Specialized Metal Container
7410	Manufacturing & Related Equipment
7410	Machinery, Textile Industries
7410	Machinery, Tobacco Manufacturing
7410	Machines, Bending & Forming
7410	Machines, Boring
7410	Machines, Broaching
7410	Machines, Drilling & Tapping
7410	Machines, Electric & Ultrasonic Erosion
7410	Machines, Gear Cutting and Finishing
7410	Machines, Grinding
7410	Machines, Industrial Assembly
7410	Machines, Industrial Marking
7410	Machines, Metal Forming and Cutting, Miscellaneous, Secondary
7410	Machines, Milling
7410	Machines, Punching and Shearing
7410	Machines, Rolling Mills and Drawing
7410	Machines, Riveting
7410	Machines, Shop Sets, Kits, and Outfits

essential to assure continued participation in the system. Continued late return of Vendor Response Cards, delinquent deliveries, and pricing discrepancies are all justification for termination of the Agreement. Also, contractor's receiving less than ten (10) calls or \$1,000 annually will have their Agreements terminated.

We look forward to adding your firm to the list of conscientious and responsible contractor's currently a part of our Automated Small Purchase System. If you have any questions, please call

Sincerely,

Chief, Automated Small Purchase I
Directorate of Contracting and Production



DEFENSE LOGISTICS AGENCY
DEFENSE GENERAL SUPPLY CENTER
Richmond, Virginia 23297

REPLY
PER TO DGSC-PGB

Dear Sir:

Thank you for your interest in participation in the Automated Small Purchase System, Phase I. Application forms for the Blanket Purchase Agreement, DD Form 1155, which will form the basis of any contract awarded, are attached.

It is essential that the following information be completed on the application on Page 1:

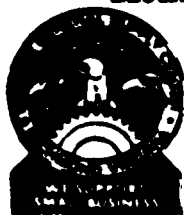
1. Firm name, street address, area code and the telephone number in Block 9.
2. If applicable, indicate whether firm is a small and/or minority business in block 11.
3. Specify any discount terms in Block 12.
4. And indicate whether your firm is a dealer or manufacturer at the bottom of Block 17.

Page 4, Part I of the application requires that you list the manufacturer's code (FSCM), the manufacturer's complete address, and the Federal Supply Class for each product your firm will provide under this Agreement. A microfiche listing of manufacturer's name to code is available for reference at Defense General Supply Center (DGSC), Building 32, Reception Area. If additional space is needed, please use the same format and continue on plain paper.

The Automated Small Purchase System is not currently authorized to include products of manufacturer's who require a minimum order quantity or dollar value. These products must be purchased using manual small purchase procedures.

Parts IV through X of the application outline how calls against the Blanket Purchase Agreement are to be performed. Please study the Agreement Terms and Conditions carefully prior to submission.

Firms are evaluated for acceptance in the ASP I System under the following criteria: successful conduct of business with DGSC for a period of one year including satisfactory performance on a minimum of two contracts, and a Pre-Award Survey with Walsh-Healey determination to ascertain if the applicant can meet our specific EPA requirements. Effective performance is



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APPENDIX B

DEFENSE LOGISTICS AGENCY
BLANKET PURCHASE AGREEMENT PROCEDURES

APPENDIX A

REFERENCES

1. AFM 70-332, CIAPS Users Manual, dated 1 October 1979, as revised by changes number 1 through 20.
2. Blazer, Maj Douglas J., "Local Purchase and Order Time," AFLMC Report #840605.
3. COPPER ICOMPS Functional Description, letter of HQ USAF/RDCL to MAJCOM (Contracting), 15 March 1984.
4. Expand Use of Imprest Funds (your ltr, 1 Mar 84), letter from HQ AF/RDCL to AFAFC/XSGB, 21 May 1984.
5. Federal Acquisition Regulation, April 1984.
6. Final Report on Simplification of Small Purchases, task group number 5, March 1984.
7. Functional Management Inspection of Customer Integrated Automated Purchase System, PN 80-625, 21 Jul 80 - 3 Mar 81.
8. General Accounting Office, Expanded Use of an Improved Defense Automated Small Purchase System Would Yield Big Savings, PSAD 81-10, Washington, DC.
9. Lail, Capt Charles S.; Ledbetter, Dr. William N., "A Study of Source Selection for Base Contracting Actions," AFLMC Report #811210, December 1982.
10. McShain, Charles B., "A Study of Contracting Leadtime Management for Supplies," AFLMC Report # 771101-1, April 1979.
11. Powell, Sally, "Streamlining Local Purchase Procedures," AFLMC Report #LS840120, October 1984.
12. Pulliam, Major James B., "Effects of Pricing of Phase I Automated Small Purchases Due to Changes in System Parameters and Increased Purchase Limits," Florida Institute of Technology, CM 5020, 10 Nov 83.
13. Standard Form 44 procedures, letter from HQ USAFE/LGC to AFLMC/LGC, 18 Jul 84.
14. Urey, Robert S., "Small Purchase Threshold," AFLMC Report # LC83020205, July 1983.
15. USAF COPPER ICOMPS Working Group Report, 5 Oct-30 Oct 1981.

g. Authorize the customer to make one-time purchases. (OPR: ALMAJCOM/LGs)

h. Establish policy and procedures to delegate the purchase of emergency walk-through requests to the Base Supply Customer Liaison Office using Standard Form 44 procedures/credit card/checkwriting. (OPR: AF/RDC; OCR: ALMAJCOM/LG/AC)

The best order and ship time purchasing method, identified in the AFLMC "Local Order and Ship Time" study [2], was the blanket purchase agreements; however, Contracting uses this procedure only about 3% of the time. Contracting's automatic order procedure excludes the use of blanket purchase agreements. If the Air Force corrects the deficiencies with the source selection procedure and allows for automatic issuance of blanket purchase agreement calls, similar to the DLA system, it will improve order and ship time and reduce manual intervention to verify price and delivery.

Customers having one-time purchases costing less than \$200 are required to go through an inordinate amount of time and paperwork to obtain these items. Customers should be authorized to make their own one-time purchases.

HQ USAFE found delegating emergency walkthrough requests to the Base Supply Customer Liaison Office using the Standard Form 44 procedures was an effective way to reduce time and customer frustration.

The Presidential Federal Procurement Reform Task Group #5 felt no true simplification of small purchases can take place without rethinking the manner in which payments are made to vendors. They suggested federal agencies test various payment concepts. The Air Force should be on the leading edge in testing these concepts to see how they reduce processing time and costs and improve vendor relations.

RECOMMENDATIONS:

The following recommendations are made as a result of the findings and conclusions. These recommendations, taken collectively, can significantly improve the local purchase procedures to reduce the time and cost to process a local purchase request.

a. Establish policy to reduce contracting leadtimes by using shorter leadtime contracting methods whenever they can be applied. (OPR: AF/RDC; OCR: ALMAJCOM/LGC)

b. Establish policy to provide annual requirements from base supply to base contracting to take advantage of contracting methods with shorter leadtimes. (OPR: AF/LEY; OCR: AF/RDC)

c. When policy (b. above) is approved, develop procedures to automatically provide annual requirements to base contracting. (OPR: AF/DSDO; OCR: AF/LMC/CC)

d. Establish policy to pursue quantity discounts and select the most economical order quantity. (OPR: AF/RDC; OCR: ALMAJCOM/LGC/LGS)

e. Establish procedures to run the EOQ price break model as recommended in AFLMC report #841041, "EOQ Price Break model user's guide when Zenith Z-100 computes are available. (OPR: ALMAJCOM/LGs)

f. Direct establishing procedures to allow for blanket purchase agreement calls to be accomplished using the automatic order process. (OPR: AF/RDC, OCR: DSDO/CC)

CHAPTER 6

CONCLUSIONS AND RECOMMENDATIONS

CONCLUSIONS:

The current local purchasing system is ineffective and inefficient. It begins with the descriptive data files. The current Supply system limits item descriptions to 24 characters, the contracting CIAPS system allows 1680 characters (48 lines) and the BCAS system will allow for more. This results in contracting not having all the necessary characteristics to make a purchase. At the option of the Major Commands, Supply maintains a manual no-NSN control file that contains DD 1348-6 in part number/stock number sequence which is difficult to screen and sometimes results in improperly identifying items. The same item may be loaded more than once. It is difficult to determine if an item is available or if a substitutable, interchangeable, or even the same item is available under another local stock number.

In addition the Contracting system deletes items from its system while the item may be still active in the Supply system. This results in additional work to research and reload items.

The Contracting system consolidates items for only 9 days. With the high local purchase cost to order, Supply generally places orders more than 90 days apart. If Supply provided annual stable demands to Contracting, Contracting could determine and use methods to shorten leadtimes. If contracting knew the annual demands for mandatory sources of supply, it could obtain annual clearances and allocations and set up the computer system to produce automatic orders. This in turn would reduce the administrative time to process orders.

Contracting may not be making the most economical quantity purchases. However, if Supply determined which items would make good candidates for ordering higher quantities to take advantage of quantity discounts, Contracting could solicit quantity discounts from bidders. If applicable, the vendors could recommend two quantities which would be more economically advantageous and include a quotation of the total price and units to be procured. With the economic order quantity EOQ price break model recommended in AFLMC Report #840120, "Streamlining Local Purchase Procedures" contracting could determine the most cost effective quantity to purchase. The EOQ price break model computes the total variable cost and compares potential savings to buying the EOQ with no discounts. The model is described in the Small Computer Applications for Logistics Engineers (SCALE) data base maintained by AFLMC/LGY. Software may be obtained from the OPR listed in SCALE (AFLMC report #830810) or by calling AV 446-4524. After running the model to determine the lowest cost quantity to purchase, changes must be made with an LPA procurement status card to adjust the supply records.

The current source selection procedures must be improved to ensure vendors are solicited for items they can provide. This would result in greater use of automatic orders and reduce manual intervention to modify orders as well as improve vendor relations.

were forwarded to the servicing Contracting office. They found the SF 44 significantly reduced the number of interruptions of walkthrough requests, and in turn, enhanced the productivity of the contracting region. USAFE concluded their program is extremely cost-effective since it allows the customer a one-stop processing point in which to handle small dollar requirements. The procedures are contained in Appendix D.

IMPREST FUND:

The Air Force Accounting and Finance Center requested consideration be given to expanding the use of imprest funds within contracting offices. HQ AF/RDCL asked field activities to determine if they felt we should increase the use of imprest funds. The consensus was that imprest funds are presently used to the maximum practical extent. [4]

TASK GROUP 5:

We also reviewed the simplification of small purchases report accomplished by Task Group No 5 under the authority of Executive Order 12352 on federal procurement reforms. It stated "Perhaps in the small purchase arena, as nowhere else, the opportunity to achieve the stated goal of Section 1 (E) (establish programs to simplify small purchases and minimize paperwork burdens imposed on the private sector, particularly small business) of Executive Order 12352 exists." [6]

The task group found there will be no true simplification of the small purchase process without substantially rethinking the manner in which payment is made in small purchases. The task group expended considerable time and effort exploring ways to modernize and streamline the payment of vendor's invoices for small purchases. The task group developed products which they proposed for test and subsequent implementation of the results as indicated. They included check writing, bank card check, electronic fund transfers (EFT), purchase order draft, credit cards, debit cards, and cash management accounts. The task group consensus was that the mother lode of what was intended by the executive order had been struck in this portion of the overall endeavor. The procedures suggested are contained in Appendix E.

CHAPTER 5

DELEGATION OF PURCHASING.

OVERVIEW:

One of the goals of simplified small purchase procedures is to minimize administrative costs and provide opportunities for small business concerns to fulfill authorized governments needs. In this process, however, Base Contracting offices typically do not allow organizations to make simplified, low dollar purchases. Organizations are only allowed to make calls against pre-priced contracts. An exclusion to this is the imprest fund.

Therefore, another objective of the study was to determine and identify controls needed to delegate limited contracting authority to users. To do this we reviewed: the wash-post procedures, the procedure used by HQ USAF in delegating purchasing authority using the Standard Form 44, the use of imprest fund, and the Final Task Group #5 report on "Simplification of Small Purchases" [6]. In this chapter, we include our findings.

FINDINGS

WASH-POST PURCHASES:

Wash-post purchase actions are one-time purchases of less than \$200 and ordered less often than once every 180 days. To establish an item as a one-time request, it is processed through the Standard Base Supply System (SBSS) first. The "Streamlining LP Procedures" study [11] established that during February 1984 there were 34,478 wash-post requests Air Force-wide. It also found the current procedures to be burdened by excessive leadtimes. It found the average order and ship time minimums for two bases ranged from 75 to 86 days with maximum times from 289 to 382 days.

Wash-post items by their nature cause exceptions to Contracting's and Supply's systems. As an example, if a customer requires 10 of a particular item, the customer processes the paperwork; and then if it is determined the vendor's standard pack is 12, the customer is required to cancel the current paperwork and re-input the paperwork for the higher quantity. History is not maintained on wash-post items.

STANDARD FORM 44:

Units in USAF, the Det 2/7000 Contracting USAF Contracting Region, 86 TFW Accounting and Finance/ACF, and 86 TFW Supply signed a memorandum of understanding to test for 6 months using the Standard Form (SF) 44 (purchase order-invoice-public voucher) to delegate purchasing responsibility to the Base Supply Customer Liaison Office (CLO). The limits of the test included purchases not exceeding \$300, the item must be immediately available (off-the-shelf), only one delivery and one payment, and only items of relatively simple description. During the test, the CLO handled 164 SF 44 actions for 251 line items. During the period, only 83 walk-through requests

NUMBER OF ACTIONS BY MANDATORY SOURCE

PRISON	427
BLIND AND OTHER	
SEVERELY HANDICAPPED	54
GOV 'T PRINTING OFFICE	179
INTRA GOV 'T	714
DFSC	162

TABLE 4

The BCAS and CIAPS systems can produce automatic delivery orders to obtain our requirements from these sources.

CHAPTER 4

FINDINGS - MANDATORY SOURCE

OVERVIEW

One of the objectives of the study was to examine the effectiveness of current methods of buying from mandatory sources of supply and see if alternative methods could streamline or simplify the process. In this chapter, we discuss how Base Contracting processes requirements for mandatory sources.

FINDINGS

Normally, products obtained from the Federal Prison Industries, or the blind and other severely handicapped, are obtained through Supply channels from GSA stores or stocked depots; however, under certain conditions Base Contracting activities place orders directly. The conditions are:

1. Supplies require overseas packaging or packing.
2. Supplies are required in carload lots.
3. Supplies are required in less than carload lots but are not stocked by GSA stores/depots.
4. The contracting activity is so located that it is more practical and economical to order directly from the prison.
5. The GSA stores/depot is temporarily unable to furnish the supplies.

Also, purchasing from these mandatory sources is not required if: (1) immediate delivery is required by public exigency, (2) suitable used or surplus property can be obtained, and (3) the total cost of the order is \$25.00 or less.

When purchasing from the prison and blind under these exception rules, the contracting office or others placing orders are required to obtain clearances or allocations prior to placing orders with them.

We reviewed the contracting actions for Base Supply collected from 24 base contracting activities (a total of 381,042 actions were reviewed over a 13-month period). We found the percentage of purchases made from the mandatory sources of supply listed below totaled less than .1% of Contracting's actions. Table 4 indicates the number of actions placed with the sources indicated as mandatory.

The computer updates the system by checking the vendor response card pricing information against the price information contained in the system. If the price exceeds the base price set in the computer by 25 percent, the item is produced on a vendor price variance report. This is then reviewed. If prices billed are found to be unreasonable, the vendor is contacted for resolution. Unsatisfactory resolution of the action could result in termination of the vendors' BPA.

A study entitled, "Effects Of Pricing Of Phase I Automated Small Purchases Due To Changes In System Parameters And Increased Purchase Limits," [12] looked at the effects of raising the dollar limits of DLA's automated small purchase system (ASPS) over a period of time from \$250 to \$500 to \$1000. The primary question in that research was whether vendors maximized their prices charged to the Government within the limits of the automated small purchase system (ASPS). The study concluded price variance changes in the system did not cause vendor price increase. It did find designating the system as a Small Business Set-Aside increased prices.

The benefits of the DLA system are: (1) the shipment requests are issued by the computer automatically, (2) no vendor contact up-front, thus reducing manpower resources, paperwork, and time requirements. No contracting officer review and approval is required except for review of summary invoices submitted by the vendor at the end of month. Appendix B contains information on the DLA BPA procedures.

The Defense Logistics Agency Richmond Center stated the manpower requirements to process the FY84 actions in the manual mode would have taken 27 people, they accomplished the task using 10 buyers. They also received approximately \$34,000 in refunds from Contractor on overpricing actions. Further, the GAO report entitled "Expanded Use of An Improved Defense Automated Small Purchase System Would Yield Big Savings" [8] states expanded use of the system by Defense Logistics Agency would save an estimated \$4.5 million annually in administrative costs.

REQUEST FOR QUOTATION:

The 1981 functional management inspection (FMI) [7] identified several problems in the CIAPS source selection process. The problems included: low vendor response to solicitations caused delays in meeting customer's requirements; the classification scheme used to categorize vendors by the type item they furnished was defective, and the procedure used to register new vendors was redundant and time-consuming.

The COPPER ICOMPS working group concluded the present source selection and consolidation from the source file is not effective. Among their recommendations were to expand the item record to include up to five vendors, eliminate the source file for commodities, encourage potential suppliers to provide information listings of available products for use by buyers making item load decisions and consolidate mailings of solicitations to vendors whenever there are two or more items with the same vendor loaded in the item record.

FSC
CLASSES

COMMODITIES

3412	Machine Tools, Miscellaneous
3450	Machine Tools, Portable
3447	Machines, Wire and Metal Ribbon Forming
3420	Machines Woodworking
3403	Machining Centers & Way-Type Machines
7612	Maps, Atlases, Charts and Globes
3460	Materials Handling Equipment, Miscellaneous
3410	Materials Handling Equipment, Nonself-Propelled
3436	Metal Finishing Equipment
3424	Metal Heat Testing Equipment
7677	Microfilm, Processed
1222	Miscellaneous Items
2220	Mortuary Supplies
6105	Motors, Electrical
7660	Music, Sheet and Book
7630	Newspapers and Periodicals
3410	Paper and Paperboard
6210	Pest Control Agents and Disinfectants
6740	Photographic Developing and Finishing Equipment
6760	Photographic Equipment & Accessories
6730	Photographic Projection Equipment
6710	Photographic Supplies
6725	Physical Properties Testing Equipment
3412	Planers & Shapers
3320	Plastics Fabricated Materials
3427	Presses, Hydraulic and Pneumatic, Power-driven
3424	Presses, Manual
3425	Presses, Mechanical Power Driven
7620	Printed Matter, Miscellaneous
3610	Printing, Duplicating and Bookbinding Equipment
3425	Production Jigs, Fixtures, and Templates
130	Reels and Spools
7450	Refractories and Fire Surfacing Materials
4140	Refrigeration and Air Conditioning Components
4110	Refrigeration Equipment
7610	Rubber Fabricated Materials
441	Safety and Rescue Equipment
3416	Saws and Filing Machines
3410	Sawmill and Planing Mill Machinery
6770	Scales and Balances
4150	Scrap, Nonmetallic, Except Textiles
6770	Semiconductor, Specialized, Microelectronic Circuit Board
	Printed Circuit Board
4110	Shoe Repairing Equipment
7705	Signs, Advertising Displays and Identification Plates
7640	Standard Forms
7630	Stationary and Record Forms
6310	Systems, Traffic & Transit Signal
7340	Tableware
4120	Tools and Attachments for woodworking Machinery
6120	Tools, Measuring: Sets, Kits and Outfits
6110	Transformers: Distribution and Power Station
3433	Welding Equipment, Gas, Heat Cutting and Metalizing
3431	Welding Equipment, Electric ARC
3432	Welding Equipment, Electric Resistance

PCO
CLASSES

3436

3438

3439

3420

COMMODITIES

Welding Positioners and Manipulators

Welding Equipment, Miscellaneous

Welding Supplies & Equipment, Miscellaneous

Soldering & Brazing

Woodworking Machines

<input checked="" type="checkbox"/> CHECKED BOX APPLIES		<input type="checkbox"/> ORDER FOR SUPPLIES OR SERVICES		<input type="checkbox"/> REQUEST FOR QUOTATIONS NO.		RETURN COPIES OF THIS QUOTE BY		PAGE 1 OF 18									
1. CONTRACT/PURCH ORDER NO.		2. DELIVERY ORDER NO.		3. DATE OF ORDER		4. SUBSIDY/PURCH REQUEST NO.		5. CERTIFIED FOR NATIONAL DEFENSE UNDER DWS REG 1 SO									
6. ISSUED BY: DEFENSE GENERAL SUPPLY CENTER ATTN: DGSC-PGB RICHMOND, VIRGINIA 23291 Phone: 804-275-3576/3275		CODE SPO 400		7. ADMINISTERED BY: (if other than 6)		CODE		8. DELIVERY FOR <input type="checkbox"/> BEST <input checked="" type="checkbox"/> OTHER (See Schedule if other)									
9. CONTRACTOR/QUOTE		CODE		FACILITY CODE		10. DELIVER TO FOR PRINT BY: See Schedule		11. CHECK IF <input type="checkbox"/> SMALL BUSINESS <input type="checkbox"/> MINORITY BUSINESS									
NAME AND ADDRESS						12. DISCOUNT TERMS											
						13. MAIL INVOICES TO SEE BLOCK 15											
14. SHIP TO:		CODE		15. PAYMENT WILL BE MADE BY:		CODE S44073		MARK ALL PACKAGES AND PAPERS WITH CONTRACT OR ORDER NUMBER									
				Chief, Accounting & Finance Division Defense General Supply Center DGSC P. O. Box 4208 Richmond, Virginia 23297 Telephone: 804-275-3314		*Invoice Address Only											
TO BE SET FORTH ON EACH BPA CALL																	
16. TYPE OF ORDER DELIVERY BPA PURCHASE X		This delivery order is subject to instructions contained on this side of form only and is issued on another Government agency or in accordance with and subject to terms and conditions of above numbered contract.															
		Reference year: SEE SCHEDULE General Provisions of Purchase Order on DD Form 1155r (EXCEPT CLAUSE NO. 12) APPLIES ONLY IF THIS BOX <input checked="" type="checkbox"/> IS CHECKED, AND NO 14, IF THIS BOX <input checked="" type="checkbox"/>															
		13 CHECKED: special provisions SEE SCHEDULE 10 USC 2304(a)(3) or as specified in the schedule if within the U. S., its possessions or Puerto Rico, if otherwise, under 2304(a)(6). 11 checked: Additional General Provisions apply; Supplier shall sign "Acceptance" on DD Form 1155r and return 3 copies															
17. ACCOUNTING AND APPROPRIATION DATA/LOCAL USE																	
GG: 97XL961.5104 01 OC26 S44-073																	
ITEM NO.		SCHEDULE OF SUPPLIES/SERVICES				QUANTITY ORDERED/ACCEPTED		UNIT		UNIT PRICE		AMOUNT					
BLANKET PURCHASE AGREEMENT FOR GENERAL SUPPLIES AS REQUIRED BY THE DEFENSE GENERAL SUPPLY CENTER TO BE ORDERED BY AN AUTOMATED PROCESS ONLY DURING THE PERIOD SPECIFIED. IN SECTION I, H, PAGE 5																	
THE CONTRACTOR REPRESENTS AND CERTIFIES AS PART OF THIS AGREEMENT THAT HE IS <input type="checkbox"/> REGULAR DEALER IN, <input type="checkbox"/> MANUFACTURER OF, SUPPLIES TO BE FURNISHED.																	
18. QUANTITY IN COLUMN HAS BEEN: <input type="checkbox"/> INSPECTED <input type="checkbox"/> RECEIVED <input type="checkbox"/> ACCEPTED, AND CONFORMS TO THE CONTRACT EXCEPT AS NOTED				19. UNITED STATES OF AMERICA BY:				20. TOTAL 21. SHIPPED 22. ENCES									
DATE SIGNATURE OF AUTHORIZED GOVERNMENT REPRESENTATIVE				23. SHIP NO. <input type="checkbox"/> PARTIAL <input type="checkbox"/> FINAL				24. D. O. VOUCHER NO.		25. PAID BY		26. AMOUNT VERIFIED CORRECT FOR					
27. QUANTITY IN COLUMN IS CORRECT AND PROPER FOR PAYMENT				28. COMPLETE <input type="checkbox"/> PARTIAL <input type="checkbox"/> FINAL				29. PAYMENT		30. CHECK NUMBER		31. BILL OF LADING NO					
DATE SIGNATURE AND TITLE OF CERTIFYING OFFICER				32. RECEIVED BY				33. DATE RECEIVED				34. TOTAL CONTAINERS		35. V/R ACCOUNT NUMBER		36. V/R VOUCHER NO	

THIS PARAGRAPH APPLIES ONLY TO QUOTATIONS SUBMITTED:

Supplies are of domestic origin unless otherwise indicated by quote. The Government reserves the right to consider quotations or modifications thereof received after the date indicated should such action be in the interest of the Government. This is a request for information and quotations furnished are not offers. When quoting, complete blocks 11, 12, 22, 23, 28. If you are unable to quote, please advise. This request does not commit the Government to pay any cost incurred in preparation or the submission of this quotation or to procure or contract for supplies or services.

GENERAL PROVISIONS

1. INSPECTION AND ACCEPTANCE - Inspection and acceptance will be at destination, unless otherwise provided. Until delivery and acceptance, and after any rejection, risk of loss will be on the Contractor unless loss results from negligence of the United States Government. Notwithstanding the requirements for any Government inspection and test contained in specifications applicable to this contract, except where special inspections or tests are specified for performance solely by the Government, the contractor shall perform or have performed the inspections and tests required to substantiate that the supplies and services provided under the contract conform to the drawings, specifications and contract requirements listed herein, including if applicable the technical requirements for the manufacturers' part numbers specified herein.

2. VARIATION IN QUANTITY - No variation in the quantity of any item called for by this contract will be accepted unless such variation has been caused by conditions of loading, shipping, or packing, or allowances in manufacturing processes, and then only to the extent, if any, specified elsewhere in this contract.

3. PAYMENTS - Invoices shall be submitted in quadruplicate (one copy shall be marked "Original") unless otherwise specified, and shall contain the following information: Contract or order number, item number, contract description of supplies or services, units, quantities, unit prices and extended totals. Bill of lading number and weight of shipment will be shown for shipments on Government Bills of Lading. Unless otherwise specified, payment will be made on partial deliveries accepted by the Government when the amount due on such deliveries so warrants.

4. DISCOUNTS - In connection with any discount offered, time will be computed from date of delivery of the supplies to carrier when acceptance is at the point of origin, or from date of delivery at destination or port of embarkation when delivery and acceptance are at either of these points, or from the date the correct invoice or voucher is received in the office specified by the Government, if the latter is later than date of delivery. Payment is deemed to be made for the purpose of earning the discount on the date of mailing of the Government check.

5. DISPUTES - (This contract is governed by the Contract Disputes Act of 1978 (Public Law 95-563) (the "Act"). The Act provides administrative procedures for the submission, analysis, negotiation, and if necessary, litigation of claims relating to this contract. The parties to this contract must comply with certain time restrictions on rendering of contracting officer decisions on claims, and on the appeal of those decisions. Further details on the rights and remedies under the Act may be found in the DAR at 1-314.)

6. FOREIGN SUPPLIES - This contract is subject to the Buy American Act (41 U.S.C. 101-104) as implemented by Section VI of the DAR and any restrictions in appropriation acts on the procurement of foreign supplies. The quotation must identify any foreign items to be furnished.

7. CONVICT LABOR - In connection with the performance of work under this contract, the Contractor agrees not to employ any person undergoing sentence of imprisonment except as provided by Public Law 89-176, September 10, 1966 (18 U.S.C. 4052(a)(2)) and Executive Order 11755, December 29, 1973.

8. OFFICIALS NOT TO BENEFIT - No member of or Delegate to Congress or resident commissioner, shall be admitted to any share or part of this contract, or to any benefit that may arise therefrom, but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

9. COVENANT AGAINST CONTINGENT FEES - The Contractor warrants that no person or selling agency has been employed or retained to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Contractor for the purpose of securing business. For breach or violation of this warranty the Government shall have the right to annul this contract without liability or in its discretion to deduct from the contract price or consideration or otherwise recover the full amount of such commission, percentage, brokerage or contingent fee.

10. GRATUITIES - (a) The Government may, by written notice to the Contractor, terminate the right of the Contractor to proceed under this contract if it is found after notice and hearing, by the Secretary or his duly authorized representative, that gratuities in the form of entertainment, gifts or otherwise were offered or given by the Contractor or any agent or representative of the Contractor to any officer or employee of the Government with a view toward securing a contract or securing favorable treatment with respect to the awarding or amending, or the making of any determinations with respect to the performing of such contract, provided, that the existence of the facts upon which the Secretary or his duly authorized representative make such findings shall be in issue and may be reviewed in any competent court. (b) In the event this contract is terminated as provided in paragraph (a) hereof the Government shall be entitled (i) to pursue the same remedies against the Contractor as it could pursue in the event of a breach of the contract by the Contractor and (ii) as a penalty in addition to any other damages to which it may be entitled by law to exemplary damages in an amount as determined by the Secretary or his duly authorized representative which shall be not less than three nor more than ten times the costs incurred by the Contractor in providing any such gratuities to any such officer or employee. (c) The rights and remedies of the Government provided in this clause shall not be exclusive and are in addition to any other rights and remedies provided by law or under this contract.

11. CONDITION FOR ASSIGNMENT - This Purchase Order may not be assigned pursuant to the Assignment of Claims Act of 1940 as amended (31 U.S.C. 303, 41 U.S.C. 15), unless or until the supplier has been requested and has accepted this order by executing the Acceptance hereon.

12. COMMERCIAL WARRANTY - The Contractor agrees that the supplies or services furnished under this contract shall be covered by the most favorable commercial warranties the Contractor gives to any customer for such supplies or services and that the rights and remedies provided herein are in addition to and do not limit any rights afforded to the Government by any other clause of this contract.

13. PRIORITIES, ALLOCATIONS, AND ALLOTMENTS - The Contractor shall follow the provisions of DMS Reg. 1 or DPS Reg. 1 and all other applicable regulations and orders of the Bureau of Domestic Commerce in obtaining controlled materials and other products and materials needed to fill this order.

14. FAST PAYMENT PROCEDURE -

(a) General. This is a fast payment order. Invoices will be paid on the basis of the Contractor's delivery to a post office, common carrier, or, in shipment by other means, to the point of first receipt by the Government.

(b) Responsibility for Supplies. Title to the supplies shall vest in the Government upon delivery to a post office or common carrier for shipment to the specified destination. If shipment is by means other than post office or common carrier, title to the supplies shall vest in the Government upon delivery to the point of first receipt by the Government. Notwithstanding any other provision of the purchase order, the Contractor shall assume all responsibility and risk of loss for supplies (i) not received at destination, (ii) damaged in transit, or (iii) not conforming to purchase requirements. The Contractor shall either replace, repair, or correct such supplies promptly at his expense, provided instructions to do so are furnished by the Contracting Officer within ninety (90) days from the date title to the supplies vests in the Government (180 days for overseas shipment).

(c) Preparation of Invoices

(1) Upon delivery of supplies to a post office, common carrier, or in shipments by other means, the point of first receipt by the Government, the Contractor shall prepare an invoice in accordance with Clause 3 of the General Provisions of Purchase Order, except that invoices under a blanket purchase agreement shall be prepared in accordance with the provisions of the agreement. All invoices shall also be prominently marked "Fast Pay."

(2) If the purchase price excludes the cost of transportation, the Contractor shall enter the prepaid shipping cost on the invoice as a separate item. The cost of parcel post insurance will not be paid by the Government. If transportation charges are separately stated on the invoice, the Contractor agrees to retain related paid freight bills or other transportation billings paid separately for a period of three (3) years and to furnish such bills to the Government when requested for audit purposes.

(3) In the event this order requires the preparation of a Material Inspection and Receiving Report (DD Form 250), the Contractor has the option of either preparing the DD Form 250 or including the following information on the invoice, in addition to that required in (c)(1) above: (A) a statement in prominent letters "NO DD 250 PREPARED"; (B) shipment number; (C) mode of shipment; and (D) at line item level, (i) National Stock Number and/or manufacturer's part number, (ii) unit of measure, (iii) Ship-To Point, (iv) Mark For Point if in contract, and (v) MILSTRIP document number if in contract. When a DD Form 250 is not required, the invoice will include the following information: (i) Ship-To Point, (ii) Mark For Point and MILSTRIP document number if in

contract, as well as the information in (c)(1) above. In all cases where no DD Form 250 is prepared, a copy of the invoice will be included in each shipment.

(d) Certification of Invoice. The Contractor agrees that the submission of an invoice to the Government for payment is a certification that the supplies for which the Government is being billed have been shipped or delivered in accordance with shipping instructions issued by the ordering officer, in the quantities shown on the invoice, and that such supplies are in the quantity and of the quality designated by the cited purchase order.

OUTER SHIPPING CONTAINERS SHALL BE MARKED "FAST PAY"

15. (This clause applies if this contract is for services and is not exempted by applicable regulations of the Department of Labor.)

SERVICE CONTRACT ACT OF 1965 - Except to the extent that an exemption, variation or tolerance would apply pursuant to 29 CFR 4.6 if this were a contract in excess of \$2,500, the Contractor and any subcontractor hereunder shall pay all of his employees engaged in performing work on the contract not less than the minimum wage specified under section 6(a)(1) of the Fair Labor Standards Act of 1938, as amended (current minimum wage). However, in cases where section 6(a)(2) of the Fair Labor Standards Act of 1938 is applicable, the rates specified therein will apply. All regulations and interpretations of the Service Contract Act of 1965 expressed in 29 CFR Part 4 are hereby incorporated by reference in this contract.

ADDITIONAL GENERAL PROVISIONS

16. CHANGES - The Contracting Officer may at any time, by a written order, and without notice to the supplier, make changes, within the general scope of this contract, in (i) drawings, designs, or specifications, where the supplies to be furnished are to be specially manufactured for the Government in accordance therewith; (ii) method of shipment or packing and (iii) place of delivery. If any such change causes an increase or decrease in the cost of, or the time required for performance of this contract, whether changed or not changed by any such order, an equitable adjustment shall be made by written modification of this contract. Any claim by the Contractor for adjustment under this clause must be asserted within 30 days from the date of receipt by the Contractor of the notification of change provided that the Contracting Officer, if he decides that the facts justify such action, may receive and act upon any such claim if asserted prior to final payment, under this contract. Failure to agree to any adjustment shall be a dispute concerning a question of fact within the meaning of the clause of this contract entitled "Disputes." However, nothing in this clause shall excuse the Contractor from proceeding with the contract as changed.

17. TERMINATION FOR DEFAULT - The Contracting Officer, by written notice, may terminate this contract, in whole or in part, for failure of the Contractor to perform any of the provisions hereof. In such event, the Contractor shall be liable for damages, including the excess cost of procuring similar supplies or services, provided that, if (i) it is determined for any reason that the Contractor was not in default or (ii) the Contractor's failure to perform is without his and his subcontractor's control, fault or negligence, the termination shall be deemed to be a termination for convenience under paragraph 15. As used in this provision the term "subcontractor" and "subcontractors" means subcontracture at any tier.

18. TERMINATION FOR CONVENIENCE - The Contracting Officer, by written notice, may terminate this contract, in whole or in part, when it is in the best interest of the Government. If this contract is for supplies and is so terminated, the Contractor shall be compensated in accordance with Section VII of the Defense Acquisition Regulation in effect on this contract's date. To the extent that this contract is for services and is so terminated, the Government shall be liable only for payment in accordance with the payment provisions of this contract for services rendered prior to the effective date of termination.

19. ASSIGNMENT OF CLAIMS - Claims for monies due or to become due under this contract shall be assigned only pursuant to the Assignment of Claims Act of 1940, as amended (31 U.S.C. 303, 41 U.S.C. 15). However, payments to an assignee of monies under this contract shall not, to the extent provided in said Act, as amended, be subject to reduction or set-off (See Clause 12).

ACCEPTANCE

THE CONTRACTOR HEREBY ACCEPTS THE OFFER REPRESENTED BY THE NUMBERED PURCHASE ORDER AS IT MAY PREVIOUSLY HAVE BEEN OR IS NOW MODIFIED, SUBJECT TO ALL OF THE TERMS AND CONDITIONS SET FORTH, AND AGREES TO PERFORM THE SAME

NAME OF CONTRACTOR	SIGNATURE	TYPED NAME AND TITLE	DATE SIGNED

DD FORM 1155r
61 AUG

REPLACES EDITION OF 1 MAR 78 WHICH IS OBSOLETE

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SCHEDULE

4

PART 1 - GENERAL

A. This Blanket Purchase Agreement (BPA) is established with the authority to issue calls through the use of the Automated Small Purchases - Phase I System. Calls shall be issued on DLA Form 1224 and 1225r. This is the only authorized method of placing calls under this Agreement. All pertinent details relating to the required supplies will be furnished on these forms when individual calls are placed. Due to the use of an automated purchasing system, no list of individuals authorized to place calls shall be provided.

B. Supplies covered by this Agreement include general supplies, such as electrical, refrigeration, photographic, food service equipment, some of which are identified by National Stock Numbers (NSN) and others to which no NSN is assigned.

C. The Contractor shall furnish said supplies, when ordered, in accordance with PART V (Five) of this Blanket Purchase Agreement.

D. Offerors are requested to indicate below (or by attachment) the name, FSCM (Federal Supply Code for Manufacturer) and complete address for each manufacturer of the product(s) they will furnish under this agreement. Manufacturing Divisions must be identified individually. Federal Supply Class (FSC) will be required for manufacturer(s) if entire product line is not offered. Incomplete or incorrect data cannot be processed.

After initial establishment of the BPA any subsequent request to add additional manufacturers to the BPA must be accompanied by a letter from the manufacturer stating that the vendor is an authorized dealer for that manufacturer.

FSCM Codes are listed in Cataloging Handbook, H 4-1, Name To Code, (Microfiche Format) available from:

The Superintendent of Documents
US Government Printing Office
Washington, D.C. 20402
(202-783-3238)

or may be viewed at the Defense General Supply Center, Bldg. 32,
Directorate of Contracting and Production Reception Area.

<u>MANUFACTURER/ DIVISION</u>	<u>FEDERAL SUPPLY CODE FOR MANUFACTURERS (FSCM)</u>	<u>FEDERAL SUPPLY CLASS</u>	<u>LOCATION</u>

E. Offeror will complete Block 11 on DD Form 1155 cover sheet.

F. The Government is obligated only to the extent of authorized calls placed against this Agreement.

G. All reference to "Contract" throughout this instrument shall be construed to be applicable to this Blanket Purchase Agreement.

H. This Agreement shall be deemed renewed for one year periods effective 1 October unless otherwise notified by the Contracting Officer. This renewal shall be indicated by advancing fiscal year to the next year within the basic BPA number. (For example, DLA-400-83-A-A001 would become DLA-400-84-A-A001.) This Agreement may be terminated by either party furnishing written notice of termination at least 30 days prior to the desired date of discontinuance. Offered items in a Federal Supply Class (FSC) or of a Federal Supply Code for Manufacturer (FSCM) may be suspended if the Contractor fails to perform in accordance with the terms of this Agreement.

PART II - MAXIMUM DELIVERY LIMITATION

A. The maximum dollar amount of a single BPA Shipping Instruction (Call) under this Agreement, including costs of preparation for delivery and all applicable taxes, BUT EXCLUDING shipping costs when stated separately, shall not exceed \$999.00.

B. If a call exceeds \$999.00, the contractor shall not ship but shall return the DLA FORM 1225r, "Vendor Response Card," coded "P" and all copies of DLA Form 1224 "BPA Shipping Instruction." Any price, delivery time, etc., shown on the returned card or shipping instruction will be considered valid for thirty days and may be used in other negotiated procurement.

PART III - PRICING

A. PRICE FACTORS

Prices charged by the contractor for supplies ordered under this Agreement will be net prices reflecting any volume or trade discounts and will include all preparation for delivery costs and all applicable taxes, including applicable Federal Excise Tax.

B. PRICE WARRANTY

Excluding the reasonable added costs for special handling and packaging of Government orders, the contractor warrants that prices to the Government under this Agreement are fair and reasonable and shall be as low as those charged the contractor's most-favored customers, including prompt payment discounts.

C. PRICE REVIEWS

The Government may conduct postaward reviews to assure reasonableness of prices and most-favored customer prices for items supplied against this Agreement. Should such a review indicate the need for justification of the prices charged for a particular item, the contractor agrees to furnish the Government sufficient information to establish the reasonableness of the prices charged. Some factors the Government may consider in determining reasonableness of prices will be catalog or market prices, prior prices paid, comparison to similar items, value analysis, and visual analysis. Should the contracting officer determine that prices charged for particular items are unreasonable or exceed most-favored customer prices, an equitable price adjustment in the form of reimbursement to the Government will be negotiated.

PART IV - INVOICING AND PAYMENT

A. Invoices will be submitted to the Accounting and Finance Division, Defense General Supply Center, DGSC P.O.Box 4208, Richmond, Virginia 23297, at least monthly or upon expiration of this Agreement, whichever occurs first. Invoices may be accumulated and a consolidated payment made at least monthly.

B. Invoices will be submitted in accordance with the provisions of Articles 3, "Payments", and 14, "Fast Payment Procedure" of DD Form 1155r, Page 2 of this Agreement.

(NOTE TO CONTRACTOR: Parcel post shipment charges or freight shipment charges will be prepaid and added to the Invoice as a separate item. It is further to be noted that ALL TRANSPORTATION CHARGE documentation MUST BE RETAINED by the Contractor for a period of three (3) years.)

C. Notwithstanding the contract provisions entitled "Discounts" (Article 4 of General Provisions - DD 1155r), the period of any discounts offered will commence on the last day of each month for invoices received by the paying office subsequent to the final billing of the previous month or on the date of receipt of an invoice for all deliveries accepted during the billing period, whichever is later. Discount terms shown in Block 12 will govern unless more favorable terms are offered in response to a call.

PART V - ORDERING PROCEDURE (cont.)

2. The "Consignee Copy" of the "BPA Shipping Instruction" is to be included inside the container of supplies shipped to the Consignee. Failure to provide this copy to the "Receiving Activity" will be considered a packing discrepancy and may be cause for termination of this agreement.

C. One copy of DLA Form 1225r, "Vendor Response Card, "will be received by the contractor and shall be processed as indicated.

04783N725YFG830950P009d										00001SE78309PVS													
DTC		CALL NR		VENDOR		PURCHASE REQUEST NR				QTY VAR		TD CD		QUANTITY		UNIT PRICE		DATE CALLED		CD OR R ISSUED		SOURCE CODE	

1. Card columns 4 through 32 across the center section of the card are to be completed by the Contractor as follows:

<u>Field Legend</u>	<u>Card Columns</u>	<u>Instructions</u>
RC (Reason Code)	4	Complete with appropriate code "S", "C", "P", or "N", as listed on card, indicating action taken.
Quantity	5-9	Self-explanatory.
Unit of Issue	10-11	Self-explanatory.
Unit Price	12-21	Unit Price will be the net unit price, including preparation for delivery charges and all applicable taxes. Dollars are entered in cc 12-16, cents in 17-18 and mills in cc 19-21.

D. INVOICES-

7

(1) An invoice is a written request for payment under the contract for supplies delivered or for services rendered. In order to be proper, an invoice must include as applicable the following:

- (a) Invoice Date;
- (b) Name of Contractor;
- (c) Contract and call number, contract line item number, contract description of supplies or services, quantity, contract unit of measure and unit price, and extended total;
- (d) Shipment number and date of shipment; (Bill of Lading number and weight of shipment will be shown for shipments on Government Bills of Lading);
- (e) Name and address to which payment is to be sent (which must be the same as that in the contract or on a proper notice of assignment);
- (f) Name (where practicable), title, phone number and mailing address of person to be notified in event of a defective invoice; and
- (g) Any other information or documentation required by other provisions of the contract (such as evidence of shipment). Invoice shall be prepared and submitted in quadruplicate (one copy shall be marked "original" unless otherwise specified).

(2) For purposes of determining if interest begins to accrue under the Prompt Payment Act (Public Law 97-177):

(a) A proper invoice will be deemed to have been received, when it is received by the office designated in the contract for receipt of invoices and acceptance of the supplies delivered or services rendered has occurred;

(b) Payment shall be considered made on the date on which a check for such payment is dated.

E. DISCOUNTS AND PAYMENT TERMS (DLA 1982 SEPT)

Payment Terms (e.g., "net 20") Offered by the contractor will not be deemed "Required Payment Dates".

PART V - ORDERING PROCEDURE

A. Supplies required subject to the terms of this Agreement will be ordered by the issuance of DLA Form 1224, "BPA Shipping Instruction" sample of which is included herewith as Attachment 1, and DLA Form 1225r, "Vendor Response Card." Such orders or "Calls" will be identified by a "BPA CALL Number." This Call Number will be a four-digit number starting with "0001" following the BPA Number.

B. Contractor will receive an original and one copy of DLA Form 1224, "BPA Shipping Instruction." This form is self-explanatory and includes all information necessary for completion of purchase and shipping action.

1. The "Vendor Copy" of "BPA Shipping Instruction" is to be retained by the contractor.

Field LegendCard ColumnsInstructions

9

Total Price

22-28

Total Price of item shipped.

Ship Date

29-34

Enter date item will be shipped, (must be on/or before required delivery date). Use numeric digits for month, day and year, respectively (For example, January 2, 1983 would be written 01/02/83.)

ZERO FILL UNUSED CARD COLUMNS 4-34
CHECK: DOMESTIC, FOREIGN; HAZARDOUS,
IS-IS NOT APPLICABLE

2. The Contractor will forward the completed and signed DLA Form 1225r, "Vendor Response Card" to the Defense General Supply Center as soon as possible, but in any event so as to be received at DGSC within 17 days from the date shown as "Date Call Issued." The card will be provided in a pre-addressed envelope and may be mailed without a cover letter. Upon completion and execution through affixing signature indicating that the required item can be supplied and mailing of the card, the Contractor becomes legally obligated to supply the required item at the prices stated, subject to all the terms and conditions of this Agreement.

3. In the event the Contractor cannot supply the required item in the specified quantity, or if the total price would exceed \$999.00 contractor will code Block 4 of the card accordingly, furnish explanatory notation as to the reason, and return the card and all copies of the DLA Form 1224, "BPA Shipping Instruction" to Defense General Supply Center.

4. A shipping instruction shall be cancelled if no communication from the Contractor has been received at DGSC within the 17 day limitation as cited in Part V, C, 2, above. Every effort should be made by the Contractor, however, to return the Vendor Response Card in a timely manner and properly coded even though it may not be possible to supply the required item.

D. Questions concerning this procedure or any individual BPA Call received, contact DGSC AC 804-275-3576 or 3275.

PART VI - DELIVERY OF SUPPLIESA. TIME OF DELIVERY

1. The Contractor shall deliver supplies as soon as possible after receipt of each BPA Shipping Instruction Sheet (SIS) but not later than the required delivery date (RDD) stated therein. Shipping instructions will normally specify a required delivery date of 16 or 45 days.

2. The required delivery date shall be expressed as five digits. The first two digits indicate the calendar year and the last three indicate the numerical day of the year, i.e., if delivery is required by 17 February 1983, this would be expressed numerically as 83048. The 83 represents calendar year 1983 and 048 is the 48th day of 1983 or 17 February 1983.

3. Partial shipments are not acceptable, unless specifically requested by the Administrative Contracting Officer.

4. Erroneous shipments will be recovered by Contractor and returned at Contractor's expense.

B. EXTENT OF QUANTITY VARIATION

Within the restrictions of the Variation in Quantity Clause, Paragraph 2 of The General Provisions on Page 2 of this Agreement and the maximum value specified in Part II, A (Page 5) the following limitations as per DAR 1-325 shall apply: 10% INCREASE, 10% DECREASE Order cannot exceed \$999.00 including authorized variation in quantity.

C. DELIVERY OF EXCESS QUANTITIES OF \$100.00 OR LESS (DLA 1980 DEC)

The Contractor is responsible for the delivery of each item or sub-item quantity within allowable variations, if any, required by the contract or order. If the contractor delivers and the Government receives quantities of any item or sub-item in excess of the quantity called for by the contract or order (after considering any allowable variation in quantity) and the dollar value of such excess quantity amounts to \$100.00 or less, the excess quantity will be treated as being delivered for the convenience of the contractor; and the Government may retain such excess quantities without compensating the contractor therefor; and the contractor waives all right, title, or interests therein.

D. UNIT PACK ASSEMBLY

A contract item which consists of an assembly or a group of components shall not be broken down into separate components. Each part must be furnished as the complete assembly specified under the part number, in a single unit package, disassembled only to the extent necessary to safeguard parts subject to damage or loss and to accomplish reduction in cube.

E. PART NUMBER CHANGES

1. If the contractor is aware that the required part number set forth on the BPA Shipping Instruction has changed, the Contractor is authorized to make shipment and shall show the new part number on DLA Form 1224, "BPA Shipping Instruction," and on the DLA Form 1225r, "Vendor Response Card." All packing lists shall contain the original part number (bracketed) in addition to the superseding part number together with the other required information. Any such items may be shipped immediately by the Contractor.

2. Except as authorized in the preceding paragraph, only the part number cited in the item description is to be furnished. No substitution of any other part number is authorized even though "or equal" is stated in the item description. Contractor shall annotate the Vendor Response Card, code "N," unable to supply, and return the card if unable to furnish the part number cited.

3. The Contractor shall supply the name and telephone number of a contact with the manufacturing firm for the Government's verification of any part number change.

F. HAZARDOUS MATERIALS

1. The contractor shall comply with the requirements of current Federal Standard No. 313. DAR 7-104.98 requires preparation and submission of a material safety data sheet (Form OSHA-20 or DD Form 1813) or a waiver for submission for all hazardous material delivered. Submission of this sheet is mandatory unless waiver is granted on prior submission.

2. Vendor Response Card, DLA Form 1225r, has space to check IS or IS NOT hazardous. Shipping Instruction Sheets, DLA Form 1224, will be accompanied by Clause L41, Waiver of Material Safety Data Sheet Submission (Attachment Number 3). This clause is to be filled in and returned if you check the IS hazardous block. If you do not request a waiver for submission of material safety data sheet or if your request for waiver is denied, the contract will be modified by adding Clause I5, Submission of Material Safety Data Sheet (Attachment Number 4).

G. PREPARATION FOR DELIVERY

1. PRESERVATION AND PACKAGING AND PACKING (PPP)

Commercial practice PPP, except Mil STD 129 marking is required on all parcel post shipments. If not parcel post see packaging clauses 41C, 42A, and 47A in Paragraph VI. G. 2. below.

2. Preservation, packaging, packing and marking shall be as specified in the individually numbered clauses listed below when they are identified in the order as being applicable. IN ADDITION TO THE REQUIREMENTS IN INDIVIDUAL CLAUSES, THE FOLLOWING SHALL APPLY TO ALL ORDERS:

Specifications: All specifications referenced herein shall be of the edition in effect as of the date of the solicitation. When a specification does not include military level "C" requirements for preservation, packaging, and/or packing as cited, but includes requirements for "Mfrs Std Commercial Practice", "Commercial Practice", or similar statements, the preservation, packaging, and/or packing shall be accomplished in accordance with the applicable paragraph of the specification and MIL-STD-1188, "Commercial Packaging of Supplies and Equipment". Shipping containers shall comply with the requirements of the Code of Federal Regulations, Uniform Freight or National Motor Freight Classification Ratings, Rules and Regulations, and/or other rules and regulations applicable to the mode of transportation.

Unit Packaging: When the phrase "See Preparation for Delivery, Clauses" for a line item is preceded by an entry of QUP (number), that number of complete units shall be placed in a single container. Otherwise, the unit package quantity may be in accordance with the supplier's standard commercial practice, with the following

Exceptions: Unit quantity shall not exceed 50 pieces or 25 pounds, whichever occurs first; single items weighing over 10 pounds shall be individually packaged and bulk preservation and packaging as is used for inter-and intraplant shipments and for shipments to repackaging jobbers and parts distribution outlets for repackaging is not acceptable. When the item as described consists of disassembled components/subassemblies package a sufficient number of the components/subassemblies to form a single, complete item in a unit package. Under no circumstances will components/subassemblies be packaged separately, in quantity, unless specifically authorized by the contracting officer.

Prohibited packaging materials and practices: Notwithstanding any provisions contained elsewhere in the contract, referenced documents or specifications, the use of asbestos, loose fill polystyrene, excelsior, newspaper, or shredded paper (all types including waxed paper and computer papers), as cushioning or dunnage material is prohibited. When palletization is not specified and the contractor palletizes the load as a part of his standard practice, glue bonding as a means of securing the load is prohibited, to the extent specified in MIL-STD-147.

11T (1976 OCT) Packaging shall be in accordance with the vendor's standard commercial method for export. For the purpose of preservation/packing level marking, the packaging level shall be marked level A.

12A (1976 OCT) Packing - Level A: Units packaged as specified shall be packed in shipping containers conforming to any of the following:

<u>SPECIFICATION</u>	<u>CONTAINERS</u>
PPP-B-636	Box; fiberboard, weather-resistant
PPP-B-591	Boxes; wood-cleated, fiberboard, weather-resistant
PPP-B-576	Box; wood-cleated veneer, paper overlaid, overseas
PPP-B-585	Boxes; wood, wirebound, normal overseas or military overseas
MIL-B-43666	Boxes; wood-cleated, plywood, wirebound or fiberboard
MIL-P-26342	Pallet box, fiberboard, expendable, for air shipments, overseas
PPP-B-601	Boxes; wood, cleated-plywood, overseas
PPP-B-640	Boxes; fiber, corrugated, triple wall, overseas
PPP-B-621	Boxes; wood, nailed and lock-corner, overseas
MIL-B-26195	Boxes; wood-cleated, overseas
MIL-B-26241	Boxes; demountable, assembled with fasteners other than nails and screws, overseas
MIL-C-4150	Cases, airtight
MIL-C-11133	Crate; wood, overseas
MIL-C-9897	Crates; slotted angle, steel or aluminum, overseas
PPP-C-650	Crates; wood, open, and covered
MIL-C-22806	Crates; sheathed, wood, wirebound, overseas

Name and Freight Destination (Include Zip Code when Used as Mail or United Parcel Service Destination)	DELIVERING RAILROAD	Code, Name and Freight Destination (Include Zip Code when Used as Mail or United Parcel Service Destination)	DELIVERING RAILROAD
W3400 Transportation Officer Defense Depot Ogden Ogden, UT 84407 The truck entrance (West Gate) has a direct approach Interstate Highway 15. This gate is open between 1700 hours on weekdays, holidays excluded. Fixed load shipments will be received Mon-Fri until 1200 hours. Straight commodity load shipments will be received Mon-Fri until 1200 hours.	(OUR &D)	22. FD2050 Transportation Officer Kelly AFB San Antonio, TX 78241 Annotate bills of lading: "Receipt of general cargo is from 0630-1400 hours, Mon-Fri." and Consignee or applicable stock record account number."	(SP)
W3500 Transportation Officer Defense Depot Memphis Memphis, TN 38114 Delivery hours are between 0630-1400 hours, Mon-Fri, excluding holidays. For motor deliveries, enter the number of Interstate 240 East, Exit 16, Airways Blvd., turn left at first red light, then go 1 mile west on I-40 to depot entrance, Gate 8.	(IC, L&N, SL&L)	23. FD2020 Transportation Officer Hill AFB, UT 84056 Delivery hours 0730-1530, Mon-Fri.	(UP)
31G1Z Transportation Officer Anniston Army Depot Anniston, AL 36201 Delivery hours are 0700-1400, Mon-Fri	(SOU)	24. FD2040 Transportation Officer McClellan AFB, CA 95652 Motor shipments accepted 0730-1500 hours, Mon-Fri except holidays.	(SP)
25G1W Transportation Officer Obayenna Army Depot Obayenna, PA 18466 25G1R Transportation Officer Hatterkenny Army Depot Hatterkenny, PA 17201 Hatterkenny, PA (Rail) of lading for motor freight delivery will be annotated "Deliver through Gate 6 on Highway 997."	(CR)	25. MMSA02 Traffic Management Officer Nebo Rec Whse 7 Marine Corps Logistics Base Barstow, CA 92311 Nebo, CA (Rail/Motor) Deliveries accepted 0700-1530, Mon-Fri.	(ATSF, UP)
22G1G Transportation Officer Exington Blue Grass Army Depot Exington, KY 40507 Exington, KY (Rail/Motor)	(LN)	26. MMSA01 Traffic Management Officer Marine Corps Log Base Bldg, 1221 Albany, GA 31704 DOSAGA, GA (Rail/Motor) Annotate bills of lading: "Motor deliveries will be made through Gate 5 prior to 1500 hours, Mon-Fri."	(SCL, SOU)
52H1C Transportation Officer Rock Island Arsenal Rock Island, IL 61201 Shipments are received 0800-1330 hours.	(MILW)	27. NO0128 Transportation Officer Naval Administrative Command Supply Department Bldg 3502 Great Lakes, IL 60088 28. NO0612 Receiving Officer Naval Supply Center Bldg. 198 Charleston, SC 29408 Motor deliveries are received 0800-1430 hours, Mon-Fri, excluding holidays. Shipments in excess of 10,000 lbs., annotate bills of lading: "Call 803-743-6478 to schedule delivery."	(EJE)
45G19 Transportation Officer Ed River Army Depot Exarkana, TX 75508 Exarkana, TX (Rail/Motor) Shipments are received 0800-1400 hours, Mon-Fri. Delivery will be effected through East gate, one mile west of Exarkana, TX, Highway 82.	(SSW, MP)	29. NO0244 Receiving Officer Naval Supply Center San Diego, CA 92132 Annotate bills of lading: "Motor deliveries effected 0700-1400 hours, Mon-Fri."	(SCL, SOU)
45N7V Transportation Officer AVAL Air Station Bldg. 1846 Corpus Christi Army Depot Corpus Christi, TX 78419 Four Bluff, TX (Rail) Delivery hours, 0700-1430, Mon-Fri.	(TM)	30. NO0406 Receiving Officer Naval Supply Center Puget Sound Bremerton, WA 98314 Receiving hours for motor shipments are from 0730-1545, Mon-Fri.	(BN)
57G23 Transportation Officer Coale Army Depot Coale, UT 84074 Coale, UT (Rail) Annotate bills of lading: "Motor shipments are received 1430 hours, Mon-Fri."	(UP, WP)	31. NO0151 Receiving Officer Bldg. 6241 Philadelphia Naval Shipyard Philadelphia, PA 19112 (BO, CR)	
52G2P Transportation Officer Sacramento Army Depot Sacramento, CA 95813 Oakland, CA (Rail) Annotate bills of lading: "Motor deliveries received 1400 hours, Mon-Fri, excluding holidays."	(UP)	32. W51G2C Transportation Officer Pueblo Army Depot Pueblo, CO 81001 Avondale, CO (Rail/Motor) (ATSF, MP)	
52G2T Transportation Officer Harpe Army Depot Athens, GA 30531 Annotate bills of lading: "Call 209-982-2671 for appointment before delivery." Receiving hours: 0700-1400, Mon-Fri.	(SP, WP)		
D2060 Transportation Officer Robins AFB, GA 31098 Robins, GA (Rail) Annotate bills of lading: "Delivery to be effected through No. 4" and "Consignee or applicable stock record account number."	(GSF)		
D2030 Transportation Officer Ingram AFB, OK 73145 Ingram, OK (Rail) Annotate bills of lading "Consignee or applicable stock record account number."	(ATSF)		

RECEIVING ACTIVITIES - (MAIL & FREIGHT SHIPPING INFORMATION BY MODE OF SHIPMENT)

A. These instructions are published for informational purposes to assist the contractor/carrier in assuring proper delivery at the freight destination designated in the contract. Information is subject to change without notice, therefore, applicable carrier's tariffs should be consulted. Due to limited unloading accommodations at most receiving activities, failure to comply with delivery scheduling requirements will delay unloading and receipt, and may result in refusal/rescheduling of delivery.

B. F.O.B. destination offerors are cautioned that selection of mode of transportation is their option unless other shipping instructions are directed. Destinations shown in the solicitation/award or hereunder apply for all modes of transportation unless specifically designated. Rail carriers shown opposite the applicable mode destination have direct physical interchange with Government trackage. Tariffs must be consulted for other rail carriers when reciprocal switching applies.

C. Commercial and Government shipping documents must be annotated to alert the carrier, when required as noted below, to coordinate and schedule movement of supplies to consignee. Except as otherwise provided, shipping documentation and freight shipments will be mailed and/or consigned to the Transportation Officer.

D. All export shipments regardless of weight consigned to an AIR or WATER TERMINAL for overseas destinations require TCMD(s) (Transportation Control and Movement Document). Consignment instructions will be furnished upon clearance of shipment. Failure to provide TCMD and obtain clearance will result in the refusal of shipment at the port of initial delivery and additional redelivery costs to the contractor. Also:

(i) Contractor must furnish the Contract Administration Office (see page 1 of contract) with applicable MILSTAMP shipping information (TCMD) prior to dispatch of cargo. Positive clearance must be obtained prior to shipment of cargo to be delivered to AIR TERMINALS and WATER TERMINALS (see DAR Clause 7-104.74). All carload and truckload shipments to WATER TERMINALS must be preloaded 24 hours in advance of arrival with the Transportation Office Preload Desk at the respective terminal for unloading schedule and/or delivery instructions. Shippers must annotate shipping documentation to alert carrier to preload freight.

(ii) PARCEL POST SHIPMENTS will not be made to AIR or WATER TERMINALS. TCMD(s) are not required for parcel post shipments to APO or FPO addressees.

E. Unless otherwise provided, all shipments to CONUS storage and receiving activities require a Report of Shipment (RESHIP) for all carload/truckload shipments weighing 20,000 pounds or more or a shipment of less weight which occupies the full visible capacity of conveyance utilized. To preclude refusal of shipments and avoidance of demurrage or accessorial charges, contractor's REPSHIP notice (DAR clause 7-105.4) shall be transmitted by rapid means to be received by the consignee Transportation Officer at least 24 hours prior to arrival of the shipment.

F. The following information is required on all shipping documents to accommodate proper receipt and payment: National Item Identification Number, Procurement Instrument Identification Number, Contract Line Item Number, and Supplementary Procurement Instrument Identification Number (if applicable).

G. Additional instructions for CONUS activities, if any, are set forth below.

Code, Name and Freight Destination (Include Zip Code when used as Mail or United Parcel Service Destination)	DELIVERING RAILROAD	Code, Name and Freight Destination (Include Zip Code when Used as Mail or United Parcel Service Destination)	DELIVERING RAILROAD
1. NO0189 Receiving Officer Naval Supply Center Norfolk, VA 23512	(N&W, C&O)	d. Shipments from the shipping point specified in the Contract/Order will be limited to two trailers/TOFC or rail cars per day unless telephonic coordination and scheduling agreement is made with the Transportation Officer (tel. 804/275-3834) in advance of dispatching carriers' equipment from the shipping point. Contractors using rail cars or rates subject to 24 hour free time unloading must include such information in the REPSHIP Notice when such notice is required.	
a. Motor deliveries will be afforded entry only through Gate 1-A, located 1/5 of a mile west of the main entrance on Admiral Taussig Blvd., between 0800-1530 hours, Mon-Fri, excluding holidays.		4. SW0700 Transportation Officer Defense Construction Supply Center (B&O) Columbus, Ohio 43215	
b. All less truckload shipment for stock, local deliveries to vessels and Navy/Marine Corps activities in the area shall specify "Mark for (Ultimate Consignee)."		Truck entrance is on Yearling Rd., off Outerbelt 270, North Hamilton Road exit. Delivery hours are between 0700-1400 hours, Mon-Fri, excluding holidays. Any deviation to the above must be with the Dispatcher, telephone (614)236-3924.	
c. Prior to carload/truckload shipment, contractor must request consignment instructions from the Traffic Control Section, NSC, Norfolk, VA phone (804)444-1170/7298. Since change is not anticipated in the "freight billing points/destination" (Norfolk), consignment instructions to the contrary will require contract modification in coordination with the Administrative Contracting Officer.		5. W25GIU Transportation Officer New Cumberland Army Depot (CR) New Cumberland, PA 17070	
2. NO0228 Transportation Officer Naval Supply Center (SP,WP) CODE 304.2, Bldg. 212 Oakland, CA 94625		Annotate bills of lading "Delivery through South Gate Only."	
3. SW0400 Transportation Officer Defense General Supply Center (SQL) Richmond, VA 23297 Belbluff, VA (Rail/Motor)		6. SW3100 Transportation Officer Defense Depot Mechanicsburg (CR) Mechanicsburg, PA 17055	
a. Truck and TOFC shipments of 10,000 pounds or more must be scheduled at least 24 hours prior to delivery (specified delivery is required to TOFC shipments). Annotate bills of lading/shipping documents "Carrier must telephone (804)275-3834 to schedule deliveries at least 24 hours prior to delivery."		All truckload shipments must be scheduled for unloading at least one day before delivery. Telephone (717)790-2437/2684 for arrangements.	
b. Carriers making deliveries will use Gate 13 only located off State Route 150, Chippenham Parkway, 1/4 mile west of U.S. Highway 1 and 301 between 0700-1430 hours, Mon-Fri, excluding holidays.		7. SW3200 Transportation Officer Defense Depot Tracy (SP,WP) Tracy, CA 95376 Lyoth, CA (Rail/Motor)	
c. Shipments from contractor sources under F.O.B. destination terms will strictly adhere to tailgate delivery of truck shipments (including TOFC). Contractors must arrange with delivery agents or carriers to schedule deliveries 24 hours in advance of delivery and to provide for unloading of highway and TOFC equipment, regardless of Plan (2 or 2 1/2).		Motor deliveries will be received 0730-1400 hours Mon-Fri, excluding holidays	

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I5 SUBMISSION OF MATERIAL SAFETY DATA SHEETS (1980 JUN) (DGSC)

(a) Completed Material Safety Data Sheets as directed by the clause entitled "Hazardous Material Identification and Material Safety Data" shall be mailed five (5) days prior to shipment of material to the address indicated below in lieu of mailing instructions set forth in Federal Standard No. 313A"

Defense General Supply Center

Attn: DGSC-STF

Richmond, Virginia 23297

(b) The applicable contract number and national stock number (NSN) shall be indicated on the Material Safety Data Sheet.

Attachment 4

Where the MSDs accompanies offeror's offer, it must be identified to the offeror, cite the solicitation number, and the applicable national stock number (NSN). or if material is not identified by an NSN, include FSCN of manufacturer and part number.

(e) A copy of Fed. Std. 313A may be obtained from the GSA Business Service Centers in Boston, New York, Philadelphia, Atlanta, Chicago, Kansas, (MO), Fort Worth, Denver, San Francisco, Los Angeles, and Seattle. A copy of Form OSHA-20 is contained in Fed. Std. 313A and may be reproduced or copied by the user.

Conformed Copy - Retyped for Legibility.

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L41 WAIVER OF MATERIAL SAFETY DATA SHEET SUBMISSION (1980 JUL) (DGSC)

(a) To assure positive and complete identification of hazardous material, an initial submission of a certified Material Safety Data Sheet (MSDS) is required for each item in the FSCs indicated in Table 1, Appendix A, Federal Standard 313A (FSCs 6810, 6820 6830, 6840, 6850 and packaged products in FSCs 9110, 9130, 9135, 9140, 9150 and 9160) whether or not the offeror considers the material to be hazardous. However, subsequent submission by the contractor of MSDS for the specific item may not be required by the Government provided the offeror represents by the completion of paragraph (c) below that a MSDS previously had been submitted to a U.S. Government Agency and there has been no change affecting the characteristics and/or composition of the material since such submission.

(b) If the material called for in this solicitation of an FSC other than those indicated in paragraph (a) above, the offeror represents and certifies as a part of his offer that such material [] is [] is not hazardous within the scope of Fed. Std. 313A. If such material is hazardous, the submission of a MSDS is required unless in consideration of the certification and information furnished in paragraph (c) below, the Government specifies in the award documents that such submission is not required.

(c) The offeror certifies that a MSDS for the material called for in this solicitation previously has been submitted to a U.S. Government Agency, that there has been no change affecting the characteristics and/or composition of the material since such submission and that the following information concerning such previous submission applies:

Name of Agency _____

Contract Number _____

Date of Previous Submission _____

NSN _____

FSCM/Part No. _____

Trade Name (if applicable) _____

Specification No. (if applicable) _____

(d) Check here [] if MSDS accompanies offer. If the material called for in this solicitation is hazardous, and an initial submission of a certified Material Safety Data Sheet (MSDS) has not been made by the offeror, or there has been a change affecting the characteristics and/or composition of the material since previous submission, the offeror is encouraged to submit the required MSDS with his offer. The MSDS will be placed on file in the DGSC MSDS Data Bank, and subsequent MSDS submission by the offeror will be waived.

Contracts Clause

Bar-code marking

All supplies to be furnished under any contract resulting from this solicitation shall be marked with the DOD Standard Symbology (bar-code labels) in conformance with MIL-STD 1189 as indicated below.

Unit containers and intermediate containers will be marked with bar-code labels for the National Stock Number (NSN) of the item. These labels may replace printing of the NSN on unit or intermediate pack. Shipping containers will be marked with bar-code labels for the NSN and contract number. These labels will be located in the lower right hand corner of the identification side of the container.

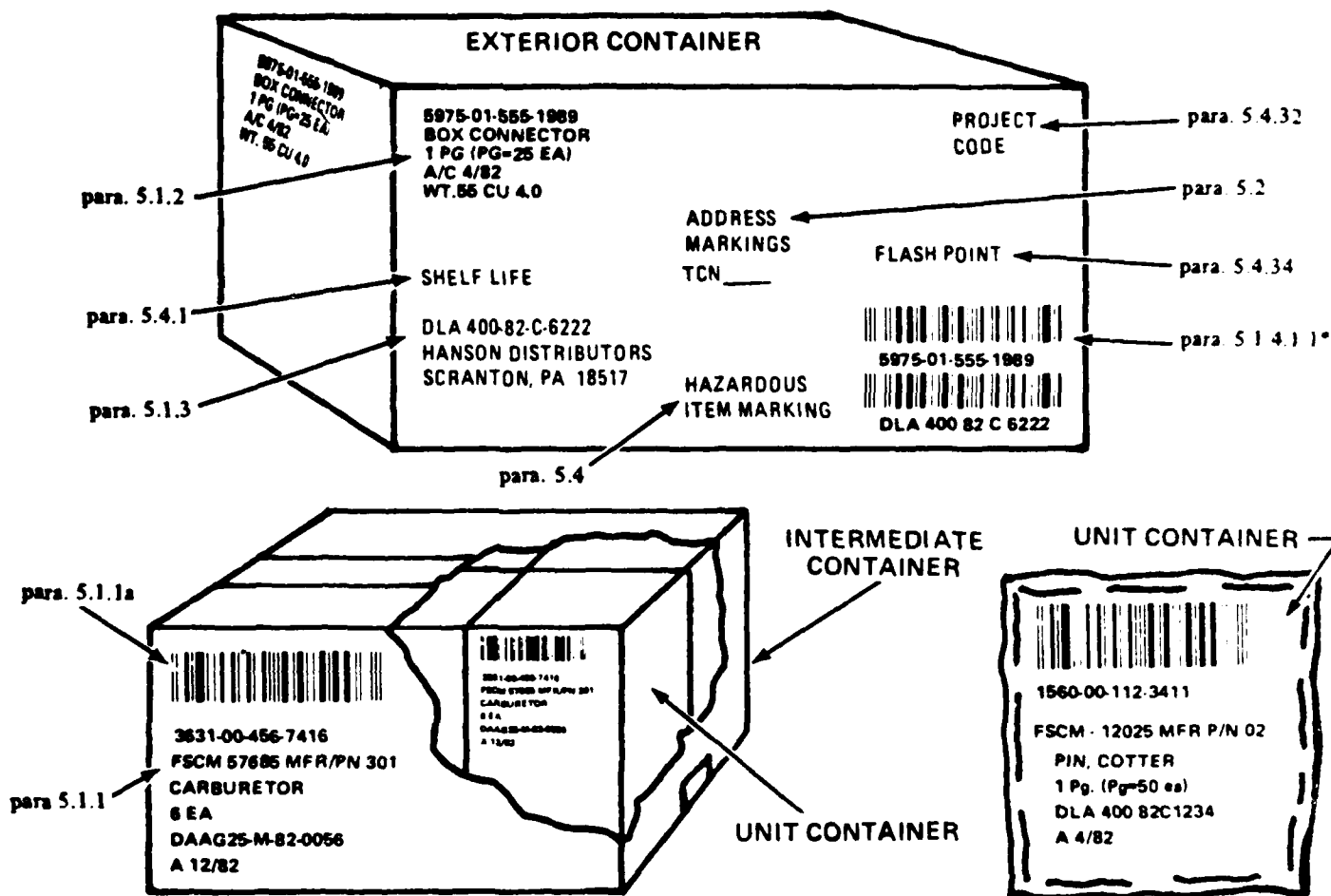
For all containers, the provisions of MIL-STD 129H which pertain to location of bar-code labels shall apply.

Where the NSN and Contract Number appear together on the exterior/shipping container, they may be on the same label/line or on separate labels/lines, but the NSN must always precede the Contract Number. The provisions of paragraphs 5.2, 5.3.2 and Table II of MIL-STD-1189 with respect to code density and dimension and tolerance of common nominal dimensions are critical. Strict adherence to these provisions is necessary to assure compliance with the requirements of this clause.

**GUIDE TO
MARKINGS FOR SHIPMENT AND STORAGE
(MIL-STD-129)***

*** IMPORTANT: MARKING OF SHIPMENTS AS REQUIRED BY THE CURRENT ISSUE OF MIL-STD-129 AND SUBSEQUENT CHANGE NOTICES ARE MANDATORY. THEREFORE, IT IS NECESSARY FOR THE CONTRACTOR TO OBTAIN A COPY OF THE PUBLICATION FROM:**

COMMANDING OFFICER
NAVAL PUBLICATIONS AND FORMS CENTER
5801 TABOR AVENUE
PHILADELPHIA, PA 19120 PHONE: AC 215-697-3321



GENERAL

Illustrations herein describe basic markings and their locations on containers and are for guidance only.
For markings on bales, bundles, pails, drums, palletized loads, etc., see paragraph 5.1.4.3-4-6-7 and 5.1.4.8.7 of MIL-STD-129.
For interior package marking, refer to paragraph 5.1 of MIL-STD-129.

SPECIAL MARKINGS (see 5.4 - 5.4.37) When applicable markings such as but not limited to the following shall be applied in the appropriate location: shelf-life, set or assembly, Method II, lot, control, or batch number, outside dimensions, serial number, fragile markings, precautionary markings, radioactive and magnetized material markings, and the flash point of flammable and combustible liquids when required by conditions specified in 5.4.20.

*** BAR CODING REQUIREMENTS**

Unit/Intermediate Containers - the bar code with the OCR-A in the clear below it can replace the NSN marking.

Exterior/Shipping Container - the bar code with the OCR-A must be placed in the lower right hand corner IAW paragraph 5.1.4.1.1. The NSN and contract number may be on one label/line or on separate label/lines, but the NSN must always precede the contract number. This marking while redundant does not replace the markings required by paragraph 5.1.2 and 5.1.3 of MIL-STD-129.

ISSUED BY **DEFENSE LOGISTICS AGENCY**
DEFENSE GENERAL SUPPLY CENTER
DIRECTORATE OF CONTRACTING AND PRODUCTION
RICHMOND, VIRGINIA 23297

DLA400-83-A-A001-0009

SHIPPING INSTRUCTION

CD CODE A

THIS SHIPPING INSTRUCTION IS ISSUED IN ACCORDANCE WITH AND SUBJECT TO THE TERMS, CONDITIONS AND PROVISIONS OF THE BLANKET PURCHASE AGREEMENT/INDEFINITE DELIVERY TYPE CONTRACT (BPA/IDTC-PIIN) REFERENCED BELOW. FAILURE TO RESPOND TO THIS SHIPPING INSTRUCTION WITHIN 10 DAYS FROM "DATE CALL/ORDER ISSUED" LISTED BELOW MAY RESULT IN CANCELLATION OF THIS SHIPPING INSTRUCTION.

FSCM	STOCK OR PART NUMBER	QUANTITY	UNIT OF ISSUE	REQUIRED DELIVERY DATE	PURCHASE REQUEST (PRI-PR LINE ITEM)
	3695-00-254-4682	1	EA	82 DEC 02	YPG82319000460 000100
BPA/IDTC PIIN	CALL ORDER NO	CLIN	PRIORITY	VENDOR CODE	DATE CALL/ORDER ISSUED
DLA400-83-A-A001	0009	0001	06	12345	82 NOV 16 (82320)

DESCRIPTIVE DATA AND PART NR. SOURCES	COVER, DRIVE CASE
	HOMELITE DIV. OF TEXTRON INC.
	FSCM 29201, P/N 58750-2
	29201 58750-2

SHIP TO	PARCEL POST ADDRESS:	FREIGHT SHIPPING ADDRESS:
	W62N2A	W62N2A
	CONSOL AND CONTAINERIZATION PT	WEST COAST CONTAINERIZATION ACT
	SHARPE ARMY DEPOT	SHARPE ARMY DEPOT
	LATHROP CA 95331	LATHROP CA 95331
		(SEE CLAUSE L60 FOR INSTRUCTIONS)

MARK FOR	MC1JV322988234	FOR DOCUMENT DISTRIBUTION ONLY:
	DIC SIG SUP ADD IPD DIST	MC1JU4
	A01 K MC1JU4 06 XV	TECH SUP
	PROJ R0D ADV FC TP	172D SPT BN
	NSF 82324 FG 02	FT RICHARDSON AK 99505

PACKAGING DATA	VENDOR PACKAGING INSTRUCTIONS
	COMMERCIAL PRACTICE PPP WITH
	MIL-STD-129 MARKING

FORM DLA OCT 79 1224 EDITION OF JAN 76 MAY BE USED UNTIL EXHAUSTED

VENDOR'S NAME AND ADDRESS **12345**
A & B SUPPLY CO., INC.
123 MAIN STREET
ANYTOWN, USA 67890

Attachment#1

THIS IS A FAST PAY SHIPMENT

Consignee's Notification to Purchasing Activity of Non-receipt, Damage, or Nonconformance.

The consignee shall notify the purchasing office promptly after specified Delivery Date annotated on this Shipping Instruction, of supplies not received complete, damaged in transit, or not conforming to specifications of this order. Unless extenuating circumstances exist, such notification should be made not later than 60 days after specified Delivery Date.

VENDOR COPY

PART IX - ATTACHMENTS

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The following are attached hereto and made part of hereof:

- (1) Sample of DLA Form No. 1224, BPA Shipping Instructions.
- (2) Guide to Exterior Markings for Shipments and Storage, DGSC Form P-40.
- (3) L-41 Waiver of Material Safety Data Sheet Submission.
- (4) I-5 Submission of Material Safety Data Sheets.
- (5) Receiving Activities - (Mail and Freight Shipping Information by Mode of Shipment)

PART VI - DELIVERY OF SUPPLIES (cont.)

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2. Additional Shipment Requirement: for TP2 and 3 (IPD 04 through 15 and stock shipments) shipment eligible for parcel post, during the months April through September, dated material or subject to heat temperature damage will be shipped via first class mail when the distance exceeds 300 miles.

PART VII - ADMINISTRATION OF AUTOMATED SMALL PURCHASES

Contact point for questions concerning shipping instructions which have been issued and for administration of the basic contract;

Defense General Supply Center
Directorate of Contracting and Production
ATTN: DGSC-PGB
Richmond, Virginia 23297
Telephone: 804-275-3576/3275

PART VIII - ADDITIONAL PROVISIONS AND CLAUSES

A. "General Provisions" numbered 1 through 19 of DD Form 1155r, 1 August 81".

B. ADDITIONAL CLAUSES

The DAR Clauses listed below are incorporated herein by reference and are made a part of this Agreement.

<u>Reference No.</u>	<u>DAR Paragraph</u>	<u>Clause Title</u>	<u>Clause Date</u>
1.	7-103.4	Extent of Variation in Quantity	1965 Apr
2.	7-103.12	Disputes	1958 Jan
3.	7-103.16(a)	Contract Work Hours Safety Standards Act-- Over-Time Compensation	1971 Nov
4.	7-103.17	Walsh-Healey Public Contracts Act	1958 Jan
5.	7-103.18	Equal Opportunity	1978 Sep
6.	7-104.48	New Material	1965 Jan
7.	7-104.84	Fast Payment Pro- cedure	1981 May
8.	7-104.98	Hazardous Material Identification and Material Safety Data	1977 Oct
9.	7-2003.50	United States Products Certificate (Military Assistance Program)	1962 Dec
10.	7-2003.52	United States Products Certificate (Balance of Payment Program)	1965 Jun
11.	7-2003.53	United States Products and Services (Balance of Payment Program)	1965 Jun

PART VI DELIVERY OF SUPPLIES (cont.)

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Seattle) or at the mailing location, alternate transportation instructions and markings will be furnished on request by the Contract Administrator (See Para VII). DO NOT MAKE PARCEL ELIGIBLE POST SHIPMENTS TO A WATER OR AERIAL TERMINAL.

(2) TP1 (IPD 01 through 03) shall be marked and shipped via first class mail (Priority mail) except when points of origin are within 300 miles of APO/FPO, contractor shall ship parcel post and identify as "MOM".

b. FREIGHT

Special MILSTAMP documentation is required for ALL export shipments moving other than through the U. S. Postal System. Request for clearance/shipping instructions must be submitted IN WRITING by completing DGSC Form 125 (Application for MILSTAMP Export Clearance) at least ten working days prior to release of shipment and addressed to: Defense General Supply Center, Attn: DGSC-TTB, Richmond, Va. 23297. Traffic Management Office will furnish appropriate shipping instructions and applicable freight address markings (DGSC Traffic Management Office, Phone: 804-275-4589/4587).

(1) TP1 and TP2 shipments, not eligible for parcel post, shall be planned for movement via an aerial terminal/port of exit, but under no circumstances will shipment be marked or shipped until firm confirmation is received from the Traffic Management Office at this Center.

(2) TP3 shipments, not eligible for parcel post; please, no phone calls on TP3 shipments, use DGSC Form 125 unless unusual circumstances exist.

9. COMMERCIAL BILLS OF LADING FOR EXPORT FREIGHT SHIPMENTS

Commercial bills of lading or other delivery documents must be annotated in the "Description of Articles" space by the Contractor with:

a. The Transportation Control Number, Consignor Code (Vendor's FSCM/FSCNM), Gov't. Purchase Order or Contract Number, Consignee Code and Transportation Priority for each shipment unit under the applicable shipping/movement document.

b. Proper shipping name for dangerous or hazardous items; hazardous classification; and United Nations Class. Abbreviations must not be used. The total quantity by weight, volume, or as otherwise appropriate must also be shown.

H. SPECIAL SHIPMENT REQUIREMENTS

1. Since many special shipments are of an urgent nature, it is essential the "Vendor Response Card" be received at DGSC as soon as possible but no later than seventeen days from the date shown as "Date Call/Order Issued."

6. FOB POINT

Unless it is the practice of the contractor to quote the same price for delivery throughout continental United States (nationally priced) or a specified region (regionally priced), regardless of the point (origin or destination) at which the Government accepts delivery, supplies shall be FOB Origin, Contractor's shipping point. Supplies shall be shipped to the destination specified on DLA Form 1224, BPA Shipping Instruction, and outer shipping containers shall be marked "Fast Pay." Parcel post shipment or freight shipment reimbursable charges, when applicable, will be prepaid and added to the invoice as a separate item.

7. DOMESTIC SHIPMENTSa. PARCEL POST

(1) Transportation Priority One (TP 1 - IPD 01 through 03) shipments shall be marked and shipped via air mail (priority mail). EXCEPTION: If destination is within 300 miles of origin, ship regular parcel post.

(2) All other qualified shipments shall be routed regular parcel post.

b. FREIGHT

(1) TP1 (IPD 01 through 03) Shipments not qualifying for air parcel post and weighing less than 250 pounds shall be routed via the most economical premium transportation (air express, air freight forwarder or air freight). EXCEPTION: If destination is within approximately 800 miles of origin, ship via the fastest surface transportation available regardless of weight of shipment. NOTE: If shipment is 250 pounds or more and the destination exceeds 800 miles or other factors preclude premium transportation, contact the DGSC Traffic Management Office for shipping instructions at least 48 hours prior to scheduled shipment (Telephone 804-275-4589/4587).

(2) TP2 (IPD 04 through 08) shipments which do not qualify for parcel post shall be shipped via the fastest surface transportation.

(3) All other shipments (TP 3 - IPD 09 through 15 and stock) shall be routed via the most economical mode of transportation.

c. PREMIUM TRANSPORTATION

If directed to ship by air freight/air freight forwarder/express/air mail and the price includes charges for normal surface transportation, the difference in cost of premium transportation used in lieu of surface transportation shall be shown as a separate item on the invoice.

8. EXPORT SHIPMENTSa. PARCEL POST

(1) U.S. Mail is the only authorized mode for shipments to an APO/FPO address. In the event of mail embargo or disruption at the CONUS APO/FPO location (New York, San Francisco or

b. Hazardous Material/Special Handling (Military and Commerical Preparation for Delivery. Address marking shall be in accordance with MIL-STD 129. In addition, the applicable marking requirements of the regulations of the Department of Transportation (49 CFR 173 and 46 CFR 146) and the U.S. Postal Service shall be followed for all packages/containers of hazardous materials. Shipments to be transported in military air or commercial air augmentation also will be labeled with a DD Form 1387-2, Special Handling Data/Certification.* This document identifies the characteristics, precautionary measures, handling instructions, and all other details necessary for safe and proper handling.

*(Instructions for DD 1387-2 Certification)

The original signed certification must be affixed to the number one package of the shipment. Three additional signed copies must be placed in a waterproof envelope, marked "DD Form 1387-2," and affixed to the outside of the number one shipping container. An additional DD Form 1387-2 must be attached to each container in the shipment (longhand signature may be omitted).

4. UNIT PACKAGING AND MARKING

For all "ship to" addresses, package quantities shall conform to the package quantity specified in the descriptive data portion of the shipping instructions. Where package quantity is not specified in the descriptive data or by a specification incorporated in the descriptive data, inquiry will be directed to DGSC, Telephone: 804-275-3576/3275. Commercial preservation, packaging and packing prescribed on individual Shipping Instructions, DLA Form 1224 do not qualify or alter the package quantity specified or marking requirements in accordance with MIL-STD 129, including shelf-life marking, where specified.

5. PACKING LIST

a. In addition to the "Consignee Copy" of "BPA Shipping Instruction," one copy of Contractor's normal commercial packing list shall be placed loose inside the container on top of the contents.

b. Consolidated shipments shall not be made unless determined by contractor to be more practical. In such instances an additional copy of a consolidated packing list shall be placed in an envelope attached to the outside of shipping container.

c. Packing lists must include the following information.

- (1) Name of Contractor.
- (2) BPA Number and BPA Call Number.
- (3) "Mark For" (M/F) data shown on BPA Shipping Instruction and date of shipment.
- (4) Noun.
- (5) When assigned NSN and Manufacturer's Code and Part Number or Manufacturer's Code and Part Number.
- (6) Superseding Part Number (if any).
- (7) Quantity and unit of issue.

PART VI - DELIVERY OF SUPPLIES (cont.)

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MIL-C-3774	Crates; wood, open
MIL-C-104	Crates; wood, lumber and plywood sheathed, nailed and bolted
MIL-C-25731	Crates; wood, for overseas shipment of airframe components

Contents of the containers shall not exceed the specified size and weight limitations of the type and class selected. Closure and reinforcing requirements shall be in accordance with the applicable container specifications.

47A (1977 APR) Marking shall be in accordance with MIL-STD-129, "Marking for Shipment and Storage," and shall include any additional marking required by contract, purchase order, and/or specification. The contractor shall mark each unit package, each intermediate package and exterior shipping container with the following: (1) National Stock Number (NSN) or NATO Stock Number, (2) Item Description, (3) Quantity and Unit of Issue, (4) Contract, Purchase or Delivery Order Number, and (5) Preservation Marking and Date. All exterior containers shall contain in addition to the above, (1) Weight and Cube, and (2) Address Markings.

3. MARKING

a. Marking shall be in accordance with MIL-STD-129, "Marking for Shipment and Storage" and shall include any additional marking required by the order and/or specifications. Marking shall include LOGMARS BAR CODES for the DoD Standard Symbolology in accordance with Change 3 to MIL-STD-129H and MIL-STD-1189 when specified by the Shipping Instruction. Unit containers and intermediate containers will be marked with bar-code labels for the National Stock Number (NSN) of the item. These labels may replace printing of the NSN on unit or intermediate pack. Shipping containers will be marked with bar-code labels for the NSN and contract number. These labels will be located in the lower right hand corner of the identification side of the container. Where the NSN and Contract Number appear together on the exterior/shipping container, they may be on the same label/line or on separate labels/lines, but the NSN must always precede the Contract Number. The provisions of paragraphs 5.2, 5.3.2 and Table 11 of MIL-STD-1189 with respect to code density and dimension and tolerance of common nominal dimensions are critical. Strict adherence to these provisions is necessary to assure compliance with the requirements of this clause. MIL-STD-129 contains special marking requirements for items such as contract designated shelf life, hazardous, flammable, combustible, fragile, and radioactive materials. The contractor shall mark each unit package, each intermediate package and exterior shipping container with the following: (1) National Stock Number (NSN) or NATO Stock Number, (2) Item Description, (3) Quantity and Unit of Issue, (4) Contract, Purchase or Delivery Order Number, and (5) Preservation Marking and Date. All exterior containers shall contain in addition to the above, (1) Weight and Cube, and (2) Address Markings.

APPENDIX C
CREDIT CARD PROCEDURES

CREDIT CARD PROCEDURES

BASIC RULES

1. Items being purchased must be classified as one-time purchases under \$200.00 and not currently available from base supply.
2. Authorized personnel: the following personnel or their designees are authorized to approve or make purchases:

- a. Organizational commanders
- b. Resource advisors
- c. Supply custodians

NOTE: We recommend by name authorizations at first and be on orders similar to the imprest fund cashier.

3. Procedures

- Contracting would negotiate competitively for a credit card account with a financial institution (Bankcard, VISA, Master Card, Diners Club, etc.).

(a) Contracting negotiate a flat fee on charges per month or (b) obtain no cost to the government cards similar to GSA's agreement with Diners Club.

- Contracting/Supply/Accounting and Finance develop a joint regulation on the operating procedures using credit cards.

- The organization would receive the cards and would be required to control them to prevent fraud, waste or abuse. NOTE: We recommend limited use at first.

- The organization cannot split requirements to get the purchase under the \$200.00 dollar criteria. Items must be readily available off the shelf. Partial shipments are not authorized.

- The most economical cost should be obtained. Periodically test the market by rotating the sources.

- The authorized person would (1) contact the vendor to verify price, availability, and delivery, (2) purchase the item using the credit card as purchasing document, (3) obtain a receipt and the property, (4) screen receipt against invoice at the end of the month, (5) assure invoices are approved by the organizational commander or resource advisor, (NOTE: In no case shall the person who makes the actual purchase approve the invoice) and (6) send invoice and receipts to finance to make payment.

- If items are not available or cannot be obtained immediately the request will be forwarded to the contracting office for purchasing action.

APPENDIX D
STANDARD FORM 44 PROCEDURES

ROUTINE

* UNCLASSIFIED E F T O *

043 1451:12

PTA 00267

DSO-3
Lmc-2
Au/LG-2
CS-1

~~RAJZYU RHFO4445709 0431240-EEEE--RUCLMXA.~~

ZNY EEEEE

R 120901Z JAN 85

FM HQ USAFE RAMSTEIN AB GE//LGS/LGC//
TO RUEAHQ1/HQ USAF WASH DC//LEYS/ROCL//
AIG 8251//LGS//
AIG 546//LGC//
~~AIG 8236//LGS//~~

120901Z

~~INFO RUCLMXA/DSO GUNTER AFS AL//LGS//
RUVAFLC/HQ AFLC WRIGHT PATTERSON AFB OH//OSS//
RUCLMXA/AFLMC GUNTER AFS AL//LGC//
ZEN/86TFW RAMSTEIN AB GE//LGS//
ZEN/DET 2 7000 CONS RAMSTEIN AB GE//LGC//
BT~~

~~UNCLASSIFIED~~

AIG 8236, AIG 8251 AND 546 TAKE FOR INFO ONLY.

SUBJ: USAFE EMERGENCY WALK-THRU LOCAL PURCHASE TEST

1. FOR THE PAST 18 MONTHS, WE HAVE BEEN CONDUCTING A TEST OF DECENTRALIZED PURCHASING PROCEDURES FOR PROCESSING OF EMERGENCY WALK-THRU LOCAL PURCHASE REQUIREMENTS. OUR BASIC GOALS WERE TO SIMPLIFY THE EXISTING SYSTEM, ELIMINATE THE CUSTOMER FRUSTRATION CREATED BY THE PERCEPTION THAT THE SYSTEM WAS OVERLY CUMBERSOME, AND PAGE 2 RHFO4445709 UNCLAS E F T O

REDUCE BOTH THE ADMINISTRATIVE BURDEN AND PROCESSING TIME.

2. WE BELIEVE THAT OUR TEST HAS ACHIEVED ITS GOALS AND THAT A SYSTEM LIKE, OR AT LEAST SIMILAR TO, OUR PROGRAM SHOULD BE AUTHORIZED FOR USE AIR FORCE WIDE. THE FOLLOWING PARAGRAPHS PROVIDE A SYNOPSIS OF THE PROCEDURES WE USED DURING OUR TEST.

3. THE LOCAL CONTRACTING OFFICE AUTHORIZED SELECTED INDIVIDUALS WITHIN THE SUPPLY CUSTOMER LIAISON OFFICE (CLO) TO CONTRACT FOR EMERGENCY WALK-THRUS ON A NON-COMPETITIVE BASIS. FOR VERIFICATION PURPOSES, A COPY OF THE APPOINTEES' LETTER OF AUTHORIZATION AND A SIGNATURE CARD (DD FORM 577) ARE PROVIDED TO THE ACCOUNTING AND FINANCE OFFICE.

4. THE DESIGNATED CLO PERSONNEL USE SF FORM 44, PURCHASE ORDER/INVOICE/VOUCHER, TO EFFECT EMERGENCY LOCAL PURCHASE WALK-THRU ACTIONS MEETING ALL OF THE FOLLOWING CRITERIA:

A. EACH TRANSACTION MUST BE LIMITED TO AN EXTENDED DOLLAR VALUE OF \$300 OR LESS (MAJCOM DETERMINED LIMIT).

B. REQUESTED ITEMS MUST BE AVAILABLE ON AN IMMEDIATE/OFF-THE-SHELF BASIS.

C. PURCHASE REQUEST MUST NOT BE FOR SERVICES.

D. PURCHASE CANNOT BE SPLIT IN ORDER TO STAY WITHIN THE \$300

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CEILING.

LGC

ROUTINE

* UNCLASSIFIED E F T O *

PAGE 1

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ROUTINE

* UNCLASSIFIED E F T O *

- E. PARTIAL SHIPMENTS ARE NOT AUTHORIZED.
- F. GOVERNMENT PICKUP AND SINGLE PAYMENT ARE USED.
- G. PURCHASES ARE NOT AUTHORIZED WHEN OTHER DECENTRALIZED PURCHASING METHODS SUCH AS BLANKET PURCHASE AGREEMENTS OR BLANKET DELIVERY ORDERS UNDER A REQUIREMENTS CONTRACT ARE AVAILABLE.
5. FOR PURCHASES MEETING ALL OF THE ABOVE CRITERIA, CLO PREPARES AN SF 44 IN FOUR COPIES AND DISTRIBUTES IT AS FOLLOWS:
 - A. THE FIRST, SECOND, AND THIRD COPY ARE GIVEN TO THE INDIVIDUAL REQUESTING THE PURCHASE FOR DELIVERY TO THE SELLER/VENDOR.
 - B. THE FOURTH COPY IS RETAINED IN CLO IN THE PURCHASE ORDER FILE.
 6. THE CUSTOMER OBTAINS THE REQUIRED ITEMS FROM AND PROVIDES TWO COPIES OF THE SF 44 TO THE VENDOR. THE VENDOR IN TURN SIGNS AND RETURNS ONE COPY OF THE SF 44 TO THE ACCOUNTING AND FINANCE OFFICE FOR PAYMENT. THE CUSTOMER ALSO OBTAINS THE VENDOR'S SIGNATURE ON ONE COPY OF THE SF 44 AND RETURNS IT TO CLO.
 7. UPON RECEIPT OF THE SF 44 SIGNED BY THE SELLER/VENDOR, CLO COORDINATES THE PROCESSING OF REQUIRED STATUS/RECEIPT/DUE-OUT RELEASE TRANSACTIONS AND OBTAINS SIGNATURE ON THE DUE-OUT RELEASE DOCUMENT.
 8. BASED ON OUR TEST WE BELIEVE THAT THE ABOVE DESCRIBED SYSTEM IS
- PAGE 4 RHEQ11145709 UNCLAS E F T O
- AN EXTREMELY EFFECTIVE MEANS FOR PROVIDING TIMELY SUPPORT FOR RELATIVELY LOW DOLLAR VALUE EMERGENCY LOCAL PURCHASE REQUESTS. WE BELIEVE THAT USE OF A SYSTEM SIMILAR TO OUR TEST PROGRAM IS PARTICULARLY BENEFICIAL IN THOSE INSTANCES WHEN THE BASE SUPPLY AND CONTRACTING OFFICES ARE GEOGRAPHICALLY SEPARATED.
9. THIS IS A COORDINATED LGS/LGC MESSAGE.

HT

65709

NN NN

ROUTINE

* UNCLASSIFIED E F T O *

PAGE 2

D-58

REPLY TO
ATTN OF:

SUBJECT: Instructions for Use of Standard Form (SF) 44

TO:

1. Policy: SF 44 procedures are to be used for making off-the-shelf small purchases. This multi-purpose form will be utilized for ~~priority~~ emergency acquisitions when determined feasible by base supply.

2. Procedures:

a. Authority - Authorization to make purchases on SF 44 will only be granted when a letter is issued by the Det 2, 7000 Contracting Squadron Commander. *OF THE DEPARTMENT*

b. Supply Procedures: Written instructions from base supply/accounting and finance/contracting must be adhered to when processing purchase requests to buy items on SF 44.

c. Restrictions/Instructions:

(1) Purchases with the SF 44 will be limited to \$300 and below.

(2) Items must be readily available on the local economy and picked up within a 24-hour period.

(3) Requirements will not be split to meet the \$300 limitation. Ratification procedures will be used if this occurs.

(4) Only one delivery and one payment will be made per action.

(5) Only items of relatively simple description will be purchased on SF 44.

(6) All transactions accomplished on SF 44 will be legibly hand-written.

(7) No purchases from AAFES or MWR will be permitted without prior approval from an authorized contracting officer.

(8) Personnel appointed by letter will be the only personnel authorized to contact vendors for availability of items, prices and discount terms. If items are not available or cannot be obtained immediately, the emergency request will be sent to the contracting office for action.

(9) Taxes will not be paid on an invoice.

(10) Items not authorized for purchase through this program:

- (a) Subsistence
- (b) Nonappropriated fund items
- (c) Personal/nonpersonal services

(11) Quantity and price on SF 44 must be what personnel pick up. There can be no change in the order.

(12) Rotate sources when possible and test the market for prices.

(13) Include exchange rate on the SF 44.

d. File Documentation:

(1) Purchase Order folder will be constructed for each action.

(2) All statements in support of purchase will be contained in the Purchase Order folder.

(3) Purchase Order files will be maintained and retired in accordance with AFM 12-50.

e. Security and Accountability:

(1) Security and accountability of SFs 44 will be the responsibility of the authorized personnel who sign the SF 44.

(2) All SFs 44 will be stored in a secured location to guard against unauthorized use.

f. Distribution: The SF 44 consists of four copies which are distinctly marked as follows:

- (1) Seller's invoice
- (2) Seller's copy
- (3) Receiving report
- (4) Memorandum copy

The first and second copy will be given to the vendor. A letter of explanation will accompany the vendor's copies. The third copy will be sent to the base finance office. The fourth copy will be retained with the purchase order file.

3. Reporting Instructions: Det 2, 7000 Contracting Squadron will receive a copy of monthly transactions from base supply (include actions, line items and dollars) and input data to Customer Integrated Automated Purchasing System for reporting purposes.

4. Inspection and Review: Det 2, 7000 Contracting Squadron will be responsible for review of purchase orders placed by base supply.

5. Training: All personnel who are authorized to sign SFs 44 will attend a formal training course from Det 2, 7000 Contracting Squadron before appointment.

SF 44 TRAINING

FORMAL TRAINING WILL BE PERFORMED BY THE LOCAL CONTRACTING OFFICE -
LETTER IN TAB B, SUBJECT,
"INSTRUCTION FOR USE OF STANDARD FORM 44" WILL BE USED AS THE
TRAINING OUTLINE.

STATEMENT OF STANDARD FORM (SF) 44 TRAINING

1. I have received a briefing and understand the procedures required to maintain and properly utilize the Purchase Order/Invoice/Voucher method of small purchasing.
2. I am also aware of the standard of conduct requirements prescribed by AFR 30-30 in the performance of my duties in signing SFs 44.
3. I acknowledge the assignment of Alpha Identifier E.

Signature

SUBJ: Letter of Appointment

TO:

1. You are hereby authorized to make small purchases utilizing the Purchase Order/Invoice/Voucher Standard Form (SF) 44. Authority to purchase is subject to the limitations contained in the Defense Acquisition Regulation and the following limitations set forth herein: Each transaction (SF 44) is limited to \$300 and below; supplies must be immediately available (off-the-shelf items); only one delivery and one payment will be made per action; only items of relatively simple item descriptions will be purchased and you are required to follow all procedures outlined by Det 2, 7000 Contracting Squadron.

2. Unless sooner revoked, this appointment is effective as long as the individual named herein is assigned to _____.

Date

Approving Authority

Serial No.

Title

FROM:

SUBJ: Standard Form (SF) 44

TO:

1. This letter is an introduction to a new US Government small purchase program
2. The purpose of this program is to reduce administrative lead time on small supply orders. What this means to you is that you will receive our written copy of a purchase order considerably sooner than under the present system. This will allow you to process your invoices for payments much quicker.
3. The following is an explanation of the contents of SF 44, Purchase Order/Invoice/Voucher, which will be used in this program.
 - a. Date of the Purchase Order
 - b. Purchase Order Number
 - c. Seller's name and address
 - d. Furnishing address
 - e. Description of supplies, quantity, unit price and total amount
 - f. Invoice billing address
 - g. Total NET amount of the purchase with Value Added Tax (VAT) relief
 - h. Prompt payment discount if applicable
 - i. Signature of contracting officer or his authorized representative

You will be given two copies of the order; the white copy must be returned with your invoice and the blue copy is for your records.

4. Upon delivery of the requested supplies, send the white copy along with four copies of the invoice and VAT form to the following address:

Accounting & Finance Office
Geb. 2108
6792 Ramstein Flugplatz

If you decide not to send an invoice, sign the white copy and forward it to accounting and finance in order to be paid. This white copy then becomes your invoice.

MEMORANDUM OF UNDERSTANDING
between
86 TFW ACCOUNTING AND FINANCE/ACF
and
USAFE CONTR REGION RHEINLAND, DET 2/7000 LGC
and
86 TFW SUPPLY/LGS

1. The attached procedures have been agreed to by all parties to support a six month test of the use of the SF 44 Purchase Order-Invoice - Voucher, beginning 15 August 1983.
2. At the end of the test period, all parties agree to evaluate the progress of this program. Interim changes to this test program will be coordinated between 86TFW/ACF, DET 2/7000LGC and 86TFW/LGS prior to implementation.

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f. Postal Money Orders. Treasury regulations should be amended to allow routine use of postal Money Orders up to \$50.

g. Cash management accounts. Such accounts combine credit or debit cards, checks, money orders, travel checks, and other financial services into one account in which funds are invested to earn interest until needed to cover checks or card charges, etc. Often cards, checks, money orders, etc. are issued by the bank at little or no charge when a sufficient balance is maintained.

6. Conclusion: The task group finds that:

a. The use of credit cards, checks, and other payment methods offer less expensive alternatives to written purchase orders and payment by Treasury check.

b. OFPP should establish an interagency task force to evaluate and implement the proposed procedures where pilot tests prove the value of their use.

c. Submitted 9/15/83

Elaboration of recommended actions. The use of written purchase orders and receiving reports, and payment of vendors by Treasury check is not cost effective for the majority of very small dollar value transactions. OFPP and Agency Heads should establish a task force to further evaluate the commercial payment methods enumerated below:

a. Bank card checks. These are commercial checking accounts used like credit cards. The bank pays the vendor on receipt of the check and bills the user periodically for the amount of the checks plus a pre-set service charge. In many cases banks could be reimbursed daily by the Treasury through Electronic Funds Transfer (EFT). The bank would provide the buyer with detailed monthly statements. In using such accounts, unused funds would remain in the Treasury until after bills are paid thus saving interest charges. EFT processes are becoming more sophisticated and widely accepted. Treasury already uses these with the Federal Reserve Banks to transfer funds. Costs of the EFT process and per check charges are also dropping as greater use is made of these procedures.

b. Electronic fund transfers. (EFT) EFT could also be used directly by agencies to reimburse vendors by accessing Treasury networks already established.

c. Purchase order draft. These are special negotiable purchase order forms which the vendor cashes at a bank. They require the vendor to detail his invoice on the draft and to hold it until goods are actually shipped. Generally their use would be limited to vendors with indefinite delivery contracts who are bonded to protect the Government's interests. The Boeing company has used this process for several years.

d. Credit cards. GSA currently issues credit cards for use with motor pool vehicles and has recently entered into an agreement with Diners Club to provide credit cards to a limited number of government employees for official travel. Major oil companies have approached GSA to allow use of company cards in lieu of the GSA card for fuel and auto repairs. Many vendors allow payment by credit card at the same price as cash transactions. The agreement negotiated with the Diners Club by GSA provides cards at no cost to the government. Similar agreements should be obtainable for more general use of credit cards by employees in remote locations. Such use could reduce the need for cash advances and the use of SF-44's and could result in significant savings in processing costs over other means of obtaining and paying for goods and services.

e. Debit cards. These are like credit cards but instead of extending credit to the buyer, the buyer's account at the bank is immediately debited, and the seller's account is immediately credited. Often these are used with point-of-sale terminals and EFT to effect an immediate transfer. They might be used in conjunction with interest bearing checking accounts or with daily reimbursement of the bank through EFT from Treasury. Theoretically, these devices result in even greater savings than checks in processing costs and enable use of automated terminals by sellers. Since they result in immediate payment to the seller and eliminate the float inherent in credit cards, their use should result in lower prices for goods and services and smaller charges by the bank for use of the card.

EXECUTIVE ORDER 12352 ON FEDERAL PROCUREMENT REFORMS
IMPLEMENTATION GUIDANCEALTERNATIVES TO PAYMENT BY CASH OR CHECK

1. Purpose. In accordance with Sections 1(e) and (f) of E.O. 12352, the purpose of this guidance is to identify methods which might be used by agency heads to simplify small purchases, minimize paperwork burdens imposed on the private sector and ensure that contractors receive timely payment.

2. Description of module.

a. Objective and scope. This module recommends several possible new methods of paying for goods and services which reflect common commercial practices not now utilized by Federal Agencies. These procedures would require changes in the FAR and Treasury Regulations if adopted.

b. Relationship to other module. Implementation of these recommendations would require coordination with implementation of the modules on the imprest fund and establishment of checking accounts using imprest funds.

c. Importance. Implementation of these recommendations would greatly simplify most open market small purchases, increase vendor acceptance of Government business, and greatly ease cash flow problems among small business suppliers to the Government.

3. Summary of guidance. OFPP should establish a task force to evaluate the use of the proposed methods, adopt detailed guidance for their use, conduct pilot studies on the use of these procedures, evaluate their effectiveness based on the pilot studies, and oversee implementation of selected procedures throughout the Government. Proposed procedures include use of Bank Card Checks, Electronic Fund Transfer, Purchase Order Drafts, Credit Cards, Debit Cards, Cash Management accounts, and increased use of money orders.

4. Enumeration of actions needed to implement guidance.

a. By agency heads. Work with OFPP and Treasury to evaluate proposals, establish detailed guidance, adopt pilot projects, and implement required changes in Agency regulations.

b. Department of the Treasury. Revise Treasury Regulations to allow general use of the proposed procedures in appropriate circumstances.

c. By DAR and CAA Councils. Issue appropriate changes in the FAR if pilot projects are successful.

d. Changes in statutes. Revise 31 USC 3302 and 3327 to provide necessary authorities.

ATTACHMENT 1

PROCEDURES FOR PURCHASES TO BE PAID FOR BY IMPREST FUND CHECK

The following procedures are recommended in using checks:

1. An approved requisition should be required showing that funds are committed and that no mandatory sources are available.
2. The purchasing agent should contact the vendor, verify pricing and delivery, and assign an order number to the requisition. The cashier or purchasing agent would then prepare the check annotating the order number on its face and forwarding the check and a copy of the approved requisition to the receiving point for cash-on-delivery (C.O.D.) orders.
3. If the item cannot be shipped C.O.D. but can be obtained on an oral order, the purchasing agent should mail or deliver a check to the vendor after the item is received. Normally, the vendor's delivery ticket should be used for an invoice and a receiving report. A copy of the delivery ticket should be returned to the vendor with the check.
4. Where advance payments are allowed (e.g., books and periodicals), the cashier or purchasing agent should prepare a check annotating the order number on its face and forwarding it to the publisher with the publisher's order form. When the first copy of a subscription is received, the delivery should be noted on a copy of the requisition. The annotated requisition should then be sent to the purchasing agent so the order can be closed out.
5. When C.O.D. orders are received, the receiving point should provide the driver with a check and a copy of the delivery ticket marked received and paid and showing the recipient's name and the date. In the case of pick-ups, the recipient should provide the check to the vendor and obtain a receipt showing the order number, the date, and the name of the recipient. Copies of receipts and delivery tickets should be provided to the purchasing agent so the order can be closed out.

b. Control.

1. Cancelled checks are evidence of payment including signatures.
2. Checks can have self-carboned backing to provide an instant record of each transaction.
3. Payment can be stopped on stolen checks.
4. Pre-numbered checks with pre-printed dollar limitation and expiration dates minimize risk of loss.
5. Detailed accounting data can be provided by banks along with cancelled checks on a monthly basis.

c. Safety. The use of checks reduces the need for and risks of keeping cash in the office and is usually more acceptable to vendors and their drivers. Also, this reduces the chance of making incorrect change in payment for cash transactions, and lessens the risks for Imprest Cashiers traveling from banks after cashing checks when security guards are not available for protection.

d. Convenience. Checks can be mailed and are always available in the correct amount.

See Attachment I for recommended procedures for using checks.

6. Conclusion.

- a. The use of checking accounts offers a less expensive alternative to written purchase orders and payment by Treasury check.
- b. OFPP and Procurement Executives should designate selected agencies to pilot test this procedure.
- c. OFPP should appoint an interagency task group to develop these procedures and explore other long range alternatives to traditional payment procedures.
- d. Upon successful conclusion of pilot tests, FAR and Treasury regulations should be changed to allow routine use of these procedures where appropriate.

In a recent Production Improvement Activity study of procurement for the USDA, Forest Service, the team recommended that check writing be adopted for all small purchases up to \$500. This would reduce costs and improve payment procedures.

3. Summary of guidance.

OFPP should work with the Treasury Department and selected Agency Procurement Executives to test the use of interest bearing checking accounts using Imprest Funds. Authorized purchasing agents would issue checks to pay for selected small purchases. Cash payments for purchase of any item will be limited to no more than \$50. Upon successful completion of the pilot project Treasury and FAR regulations should be amended to allow general use of such procedures and to provide detailed guidance for establishment and use of these procedures.

4. Enumeration of actions needed to implement guidance.

- a. By agency heads. Work with OFPP and Treasury to establish pilot projects, assess results and issue agency guidance to encourage use where appropriate and to maintain adequate oversight for prevention of fraud, waste, and abuse.
- b. Department of Treasury.
 1. Issue approval to use Imprest Funds for establishment of interest bearing checking accounts.
 2. Authorize immediate payment for small purchases upon completion of order.
- c. By DAR and CAA Councils. Issue appropriate changes in the FAR if pilot projects are successful.
- d. Changes in statutes. Changes may be required in 31 USC 3302 regarding the general prohibition against deposits by cashiers. 31 USC 3327 regarding authority to issue checks may also require changes.

5. Elaboration of recommended actions. The use of written purchase orders, and receiving reports, and payment by Treasury check is expensive and time consuming both for the Government and for its suppliers. This procedure is often more costly than the goods and services being purchased. Cash Imprest Funds earn no interest and are very labor intensive. The availability in recent years of minimum service charge and interest-bearing checking accounts presents an opportunity for better cash management of the money in Imprest Funds, while reducing paperwork for Government purchasing agents, and providing faster payment to vendors often faced with cash flow concerns. The use of Imprest Funds to establish checking accounts provides a number of advantages over other alternatives considered. Some of the advantages are:

- a. Economy. Idle Imprest Funds would earn interest. The Treasury will benefit from the "float" between the presentation of checks to vendors and the date the checks clear.

APPENDIX J

EXECUTIVE ORDER 12352 ON FEDERAL PROCUREMENT REFORMS IMPLEMENTATION GUIDANCE

CHECK WRITING

1. Purpose. In accordance with Sections 1(e) and (f) of E.O. 12352, the purpose of this guidance is to identify methods to be used by agency heads to simplify small purchases, minimize paperwork burdens imposed on the private sector and ensure that contractors receive timely payment.
2. Description of module.
 - a. Objective and scope. This module provides an evaluation of innovative means of ordering and paying for goods and services in a manner closer to that of normal commercial practice. Most of the recommendations require new FAR guidance and changes in Treasury regulations or procedures.
 - b. Relationship to other modules. The procedures recommended would interface with and/or replace Imprest Funds.
 - c. Importance. Local check writing would eliminate the need to issue purchase orders and process payment vouchers to Treasury. The cost of processing written purchase orders has been estimated by GAO to be as much as \$100 per order (See GAO Report No. B201643 dated March 3, 1981). In a review of the Treasury Department (GAO/GGD-82-44), GAO found that 75% of its purchase orders were under \$500. Throughout the Government in FY 1982, 18.3 million small purchases were made (FPDS data). If 75% of those 18.3 million transactions were handled as oral orders (no written purchase order) with payment by local check, savings of at least half of the \$100 processing cost for each should be easily obtainable. This could result in a savings of \$686 million per year in the Governments' cost of processing purchases. An additional savings can also be realized because the figures quoted do not include the cost of processing vouchers through Finance Offices to Treasury Department and the cost to issue checks.

In addition, the Government would gain a significant amount of interest if the idle cash in Imprest Funds were placed in interest bearing checking accounts. Assuming that the average value of the 13.7 million annual transaction under \$500 is \$250, that funds are kept in accounts paying 6% interest, and that an equal number of transactions are processed monthly; the Government could earn as much as \$17 million a year in interest on funds which are now kept as cash. Thus, using FY 1982 FPDS and adjusted GAO figures, the Government could save \$703 million a year by allowing checks to be written locally for purchases under \$500. Also, this simplified method of small purchasing would enhance the relationship of the Government with small business suppliers throughout the country. This should increase competition, improve deliveries and services, and result in lower prices for needed materials and services.

APPENDIX E
TASK GROUP #5
APPENDIX J AND K

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SAMPLE

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TAB A - Appointment Register

TAB B - Instructions for Use of SF 44

TAB C - Monthly Report Letter

TAB D - 1. Training

2. Review Documentation

3. Appointment/Termination Letter

4. SEPARATION LETTER FOR VENDORS

TAB E - General Correspondence

(5) Enter each single SF Form 44(a) buy in the Contract Buy Log (USAF Form 7). In addition, the log will be utilized to control receipt of the receiving invoice (SF Form 44(a), copy three) from the customer within 1 duty day after customer has been dispatched to pick up requested items from the vendor.

(6) Process Issue Request (AF Form 2005), Off Line Requisition (SPK) and LPS status into the UNIVAC 1050-11.

(7) Retain AF Form 2005 (control file in CLO) along with SPK and LPS input accepted notices in the contract folder filed in CLO.

b. When customer has returned with property and/or copy three, pull contract file and handcarry to LP Receiving Section for input processing as follows:

(1) Process the necessary receipt input with D/O document # in CC 67-80.

(2) Upon receipt of the Receipt Input Accepted Notice (Mgt 1006), pull copy one and attach copy three of the SF 44(a), stamp "Document Control Copy" and forward to Document Control Section.

(3) Retain one copy of the Receipt Input Accepted Notice Mgt 1006) for the completed contract file folder.

(4) Obtain customers signature on copy one of the DD Form 1348-1, Due-Out Release (DOR). Stamp "Document Control Copy" and forward to the Document Control Section.

(5) File the contract folder in the CLO completed contracts file.

c. The CLO will act as the Base Supply central contact point on all queries relating to buys obtained with these procedures. It is the CLOs responsibility to ensure all that the necessary research, KVP actions, etc. are accomplished in a timely manner to avoid adverse impacts under the Prompt Payment Act. All files will be maintained in complete auditable condition at all times and made available to HQ USAFE Audit, Accounting and Finance or contracting personnel upon request.

2. This change will be included in the next revision to RAB Sup 1 to AFM 67-1, Vol II, Part Two, Chapter 2.

JAMES N. BLVIS, Col, USAF
Chief of Supply

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REPLY TO
ATTN OF: LCSPS

Subject: Interim Change (IHC 83-2) to RAB Supplement 1, AFM 67-1, Vol, II, Chapter 2, dtd 10 June 1981. CLO Ordering Officer, Emergency Walk-Thru Procedures.

TO: All holders of AFM 67-1, Vol II, Part Two, Chapter 2.

1. AFM 67-1, Vol II, Part Two, chapter 8, para 12(a)13 is supplemented as follows:

a. Customer Liaison will receive/review all customer request for emergency walk-thrus for completeness. If the required item(s) have a total cost of less than \$300.00 and have no restrictive specification which cannot be handled by the Base Supply (CLO) Ordering Officer, the following actions will be taken:

(1) Contact the selected vendor (either known from past orders or provided on the DD Form 1348-6). If required item(s) cannot be located or are not readily available from any known source, down grade requirement to special projects and forward to Demand Processing Unit. If vendor confirms required item(s) is/are immediately available proceed to item two. All items must be immediately available on vendor shelf and picked up from the vendor the same day the orders are placed to qualify for these special procedures.

(2) Assign issue document number to the AF Form 2005.

(3) Assign off-line requisition number.

(4) Prepare Standard Form (SF-44) in four copies. Copies are utilized as follows:

Copy 1: Will be left with vendor to be mailed to Accounting Finance for payment.

Copy 2: Left with vendor for his record of sale.

Copy 3: Returned to CLO, signed by vendor and requester and utilized by Base Supply as receiving invoice.

Copy 4: The SF Form 44a will be retained in the master form booklet by the CLO.

Provide copy one, two and three to the customer along with the necessary instruction letters for both the requester and vendor. (Ensure individuals(s) picking up the property are instructed to return copy three signed by the vendor to CLO within 24 hours from time of receipt of property from the vendor.)

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b. Headings for Articles Purchased Amount: Indicate type of currency. DM=Deutsche Marks. \$=U.S. Dollars.

c. Discount terms: If no discount is offered indicate "Net 30".

d. Purpose and Accounting Data: Use the appropriation:
57X4921.070 6C 678900.

e. Agency name and billing address: 86 TFW/ACFA
Gebaeunde 2103
6792 kamstein Flugplatz

T.W. KOCH, Capt, USAF
Accounting and Finance Officer

JAMES N. BEVIS, Colonel, USAF
Chief of Supply

ROBERT H. BERRY, Lt Col, USAF
Chief of Procurement

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Subject: SF44a ACF PROCEDURES

In an effort to simplify and reduce emergency walk through processing time, the SF44a, Purchase Order-Invoice-Voucher, will be used for a six month test at Ramstein AB, commencing on 15 August 1983. The following procedures and limitations will be utilized by the 86TFW/ACF to support this test.

1. ROB has designated two individuals in base supply Customer Liaison Office (CLO), as their agents to contract for emergency walk throughs on a non-competitive bid basis. A copy of Letter of Authorization will be supplied to ACF along with signature cards (DD Form 577).

2. SF44s will be serially numbered beginning with 001 and maintained in a secured area.

3. All purchases will be routed through LGSCL.

4. Purchases are limited to supply type items under \$300 which are immediately available for government pickup. Service type purchases are not authorized. Purchases cannot be separated to meet the dollar criteria and partial shipments are not authorized.

5. Purchase orders will be written to include criteria set forth in the bilingual letter to be attached to each order carried to the vendor at time of pickup.

6. LGSCL will monitor all orders to ensure status, receipt and ACF copies are processed within 24 hours of issuance of a purchase order. The SF44 will include name of individual and phone number to aid in follow-up.

7. Any problems encountered by ACF in obtaining receipts, pink copy of the order, and original SF44 will be resolved by _____.

8. On the Monday following the last Friday of each month, LGSCL will provide ACF a copy of USAFE Form 357 to ensure all obligations have been recorded. If a SF44 is voided for any reason, ACF will receive the white and pink copies to maintain complete accountability. Any changes made to a SF44 must be initialled by the designated agents.

9. This procedure will be closely monitored as to workload, follow-up requirements in meeting prompt payment procedures and number of purchase orders processed monthly. Any adverse findings, may result in revision or cancellation of the program.

10. Accounting and Finance requirements for completing SF44a.

a. Address of seller: Write address vendor wants check mailed to.

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